Public Document Pack

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PUBLIC

To: Members of Audit Committee

Monday, 13 September 2021

Dear Councillor,

Please attend a meeting of the **Audit Committee** to be held at **2.00 pm** on **Tuesday, 21 September 2021** in the Council Chamber, County Hall, Matlock, the agenda for which is set out below.

Yours faithfully,

Helen E. Barrington

Helen Barrington
Director of Legal 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 20 July 2021

To consider the reports of the Director of Finance and ICT on:

4 (a) Presentation on Final Accounts 2020/21

4 (b) Performance Monitoring and Budget Monitoring/Forecast Outturn Report - 2021-22 as at Quarter 1 (June 2021)

4 (c) Financial Management Code

4 (d) Review of the Effectiveness of the system of Internal Controls

4 (e) Redmond Review

5. To consider the report of the Director Of Legal Services and Assistant Director of Finance (Audit) on Whistleblowing Policy

6. To consider the Report of the Assistant Director Finance (Audit) on Audit Services Unit - Progress against Audit Plan 2021-22

7. To consider the Report of the External Auditor on Audit Progress Report - Derbyshire Pension Fund - Year ended March 2021

PUBLIC Agenda Item No.3

MINUTES of a meeting of the **AUDIT COMMITTEE** held on 20 July 2021 at County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors N Gourlay, R Mihaly and R Parkinson

Officers in attendance – D Ashcroft, T Kearsey, J Lakin, P Spencer and P Stone (representing Derbyshire County Council)

Apologies for absence were received on behalf of Councillors N Atkin and J Nelson

Declarations of Interest

There were no declarations of interest

26/21 **CHILDREN'S SERVICES RISK REGISTER** Jane Parfrement, the Executive Director for Children's Services had been invited to the meeting to provide Members with details of the particular areas of risk within the department.

Some of the key improvement priorities for the department were highlighted:

- to improve quality and social work practices;
- support for care leavers;
- support for special educational needs and disability (SEND) children and their families; and
- embedding new arrangements for Early Help Partnerships

There were three types of risk; operational risk, regulatory risk and strategic and corporate risk and examples of each particular risk and how they were mitigated against were provided. There were various factors that could change a risk score and details of these were highlighted. The department was under constant audit and review, particularly from Ofsted and it was reported that a most favourable report had recently been received. This had provided re-assurance that the systems in place within the department were robust and effective.

On behalf of the Committee, the Chairman thanked Ms Parfrement for her attendance and wished her all the best for the future as she was soon to be leaving the Authority to take up another post.

27/21 **MINUTES** **RESOLVED** that the minutes of the meeting held on 22 June 2021 be confirmed as a correct record and signed by the Chairman.

28/21 **MATTERS ARISING (Minute No.22/21) Statement of Accounts 2020-21** The Assistant Director of Finance updated Members on the Statement of Accounts for 2020-21. As stated at the last meeting, it had been hoped that certification of the Statement of Accounts would be completed by 30 June 2021. However, due to issues surrounding the plant, property and equipment valuations and the on-going Covid-19 pandemic, this had put the finance team behind schedule. It was therefore more realistic that the pre-audit Accounts would be submitted by the end of July 2021, still within the statutory timeframe.

29/21 **AUDIT SERVICES ANNUAL REPORT 2020-21** Members were presented with the Annual Report for 2020-21 and the Audit Managers opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

The Annual Report provided Members with the outcome of Audit activity relating to the County Council's operations throughout the financial year. The Report highlighted the achievement of the 2020-21 Audit Plan which had been approved by the Audit Committee on 27 May 2020, key issues identified within the year and actions arising from our work.

The response to the pandemic had continued to impact on the work of Audit Services during 2020-21 and had prompted a refocusing of the plan on areas of greatest priority and more targeted reviews that could be delivered without impacting significantly on departmental staff resources. These more detailed pieces of work had been targeted to support the overall assessment of governance and control systems, in addition to providing a different perspective to the Audit Opinion. As the restrictions continued throughout the year, the ongoing pressure on the Council's staff had reduced opportunities to undertake audit activities agreed within the 2020-21 Audit Plan. In certain instances, audits could not be undertaken due to the availability of staff, closure of schools and establishments.

Overall, based on the work undertaken during 2020-21 and the experience from previous years' Audit, the opinion was of a "Qualified Assurance" on the adequacy and effectiveness of the internal control framework, risk management and governance procedures within the County Council. Whilst the arrangements were generally found to be satisfactory, some enhancements had been recommended for senior management to action and improve the control framework. As of this date, Audit Services were satisfied that there were no matters which would cause the External Auditor to consider any qualification of the Council's Statement of Accounts.

On behalf of the Committee, the Chairman thanked officers for their presentation and the work the Unit had undertaken during very difficult circumstances.

RESOLVED to note (1) the detailed Annual Audit Report for 2020-21 and overall assurance opinion;

(2) the outcomes of the Audit work completed; and

(3) the performance of the Audit Services Unit during this period.

30/21 **ANNUAL GOVERNANCE STATEMENT** The Assistant Director of Finance informed Members of progress on the review of the County Council's compliance with Best Practice requirements in respect of the annual review of the system of internal control and the production of the Draft Annual Governance Statement (AGS).

The CIPFA/Solace framework outlined the approach which should be taken to review existing governance arrangements and produce an Annual Governance Statement. The Draft Annual Governance Statement for 2020-21 was attached as Appendix 2 to the report. The Action Plan contained within the AGS would highlight the strengths and areas that required improvement.

A Governance Group had been established to conduct an ongoing review of key systems and processes operated within the County Council to ensure that they delivered effective Corporate Governance. This was undertaken utilising an objective assessment process prescribed by the CIPFA/Solace Framework, which provided a checklist of best practice standards against which compliance could be assessed. Once approved, the Annual Governance Statement would be included in the Council's Pre-Audit Statement of Accounts for 2020-21.

RESOLVED that Committee notes the information provided in the report as evidence of the Authority's effective compliance with the statutory requirement to produce an Annual Governance Statement and recommend it for inclusion in the Council's Statement of Accounts 2020-21.

31/21 **RISK MANAGEMENT STRATEGY** The Committee was asked to agree the Corporate Risk Management Strategy 2021-2025 and refer it to Cabinet for formal approval.

The Corporate Risk Management Strategy described the context, policy and process for risk management in the Council. The proposed Corporate Risk

Management Strategy for 2021-2025 was attached at Appendix 2 to the report. This built on the previous Strategy, with an emphasis on improving performance to enable the Council to become one of the best performing local authorities for risk management by December 2024.

The revised Strategy strengthened existing arrangements and set out clearer expectations about risk management. Key changes were proposed in the following areas:

- Clearer definitions of strategic and operational (process and resources) risks, and introduction of the term ‘major risk’ to refer to risks assessed as ‘Red’ or ‘Amber’ requiring the most active management attention and regular oversight.
- The adoption of national and international standards for organisational resilience (BS6500:2014 and ISO 22301:2019), supplementing existing use of the risk management standard (BS ISO 31000:2018), to strengthen business continuity practices required to meet the Council’s obligations under the Civil Contingencies Act 2004.
- Clearer steps to embed ‘enterprise risk management’ to improve understanding of corporate risk exposure, a focus on identifying and managing portfolios of risk related to specific areas of delivery, and consistency of practice across the Council.
- Improved support for corporate decision making, with business cases and Council papers clearly identifying major risks and corporate exposure for informed and balanced decisions about risk acceptability (‘risk appetite’).
- Deepening and strengthening the culture and governance of risk management at all levels of the Council to improve performance.
- Publication of a corporate risk register alongside the Council Plan and updated each year, beginning in 2022-23, setting out for the public the Council’s strategic and operational risk environment and its approach to risk acceptance and management as an Enterprising Council.
- Improved service planning to identify, assess and manage portfolios of risk related to all services and deliverables described in service delivery plans.
- A greater focus on the potential impact when assessing the severity of risks and scoring reputational risk separately to provide greater visibility of this aspect for management and decision making.
- A clear process for risk management, based on the national and international standards, to provide a more systematic approach in identifying, assessing and actively managing risk throughout the delivery lifecycle, including a consistent and robust approach to business continuity planning and management, and a more systematic review and incorporation of lessons learned to improve performance.

- Improved recording of corporate risks by expanding the Council's performance information system (APEX) to record risk data and allow improved analysis, monitoring and reporting.

An outline implementation plan was attached at Appendix 3 to the report. The Council's capability in risk management would be assessed using the CIPFA/ALARM risk management maturity framework which was provided in Appendix 4 to the report.

RESOLVED to (1) agree the Corporate Risk Management Strategy 2021-2025 and refer it to Cabinet for formal approval; and

(2) note the outline implementation plan.

DERBYSHIRE
County Council

Pre-Audit
Statement of Accounts
2020-21

Peter Handford BA(Hons) PGCert FCPFA
Director of Finance & ICT

Version History			
Version	**Date**	**Detail**	**Author**
1.0	30.07.21	Pre-audit accounts for signature and publication	E Scriven S Holmes

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

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Introduction

This Statement of Accounts presents the overall financial position of the Council for the year ended 31 March 2021. It has been produced in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code), based on International Financial Reporting Standards (IFRS). IFRS are made up of a combination of many individual accounting standards.

This document also includes information relating to the Derbyshire Pension Fund, which the Council administers on behalf of its own staff, local authorities and other admitted bodies.

Basis of Preparation and Presentation

When preparing the accounts, an authority need not comply with the Code if the information is not material to the “true and fair” view of the financial position, financial performance and cash flows of the authority and to the understanding of users.

Information is material if omitting it, or misstating it, could influence decisions that users make on the basis of financial information about a specific authority.

The Accounting Policies of the Council have been prepared in accordance with IFRS, as adopted by the Code. Where there is no specific guidance in the Code, the Council has developed its own Accounting Policies, which are 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.

The Council’s Accounting Policies outline how the Council should account for all income, expenditure, assets and liabilities held and incurred during the 2020-21 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 Council’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.

Explanation of the Accounting Statements which follow

- Comprehensive Income and Expenditure Statement (CIES) - This shows the cost of providing services in accordance with generally accepted accounting practices.
- Balance Sheet (BS) - This shows the value of all assets and liabilities. Reserves are matched against net assets and liabilities.
- Cash Flow Statement (CFS) – This statement shows the changes in cash and cash equivalents of the Council.
- Movement in Reserves (MiRS) – This shows the movement on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable' reserves.
- Notes to the Accounts – Not a statement, however they provide supplementary information.

Performance

Local authorities can present the breakdown of services within the CIES based on how an authority is organised and funded. The Council has, therefore, presented its CIES on the basis of how it reports its management accounts during the financial year, which is by Cabinet Member Portfolio.

The Council is structured into four departments but up until May 2021 reported through seven Cabinet Member Portfolios. These portfolios were Adult Care, Clean Growth and Regeneration, Corporate Services, Health and Communities, Highways, Transport and Infrastructure, Strategic Leadership, Culture and Tourism and Young People. After May 2021, the portfolio structure changed, and the seven Cabinet Member Portfolios were increased to nine Cabinet Member portfolios. These portfolios, from May 2021 on, are Adult Care, Children's Services and Safeguarding, Clean Growth and Regeneration, Corporate Services and Budget, Education, Highways Assets and Transport, Infrastructure and Environment and Strategic Leadership, Culture, Tourism and Climate Change.

Revenue Expenditure

The Council set its net budget requirement for 2020-21 on 5 February 2020 and originally planned to spend £560.211m, with funding coming in the form of Government non-ring-fenced grants of £182.665m, Council Tax of £342.663m, business rates collected locally of £20.067m and the use of Earmarked Reserves of £14.816m.

In 2020-21 the Council has spent £553.375m, against a final net budget of £581.005m. The increase in net budget is because of additional general grant income of £60m, the majority of which relates to general Covid-19 grants, additional Business Rates Relief Grant £2.661m and Independent Living Fund Grant £2.534m, and £4m additional business rates income, less additional net transfers to Earmarked and General Reserves of £43m.

Of the £43m net transfer to Earmarked and General Reserves in 2020-21, the main reserves movements were transfers to reserves of £17.289m of revenue contributions to capital, where borrowing and available capital receipts were used instead; £15.000m to establish a fund to support the Council's and wider County recovery from the impacts of the Covid-19 pandemic; £11.248m to carry forward the unspent balance of the Council's general Covid-19 emergency funding for Local Government at 31 March 2021; £11.028m to increase schools' reserves, especially for primary schools, funded from the Dedicated Schools Grant, and a transfer from reserves of £13.897m to fund the refurbishment of homes for older people.

The table below summarises the Council's revenue outturn for 2020-21, compared to controllable budget, highlighting the Cabinet Member Portfolio and Corporate net underspends. The overall Council underspend for 2020-21 is £27.630m, after accounting for use of £33.565m of the £45.037m of Ministry of Housing Communities & Local Government (MHCLG) Covid-19 pandemic emergency grant funding awarded, and £2.349m of compensation for lost sales, fees and charges income claimable under the Government scheme announced on 2 July 2020. An additional £0.224m from this grant funding has been contributed to the General Reserve to reimburse Covid-19 impacts experienced in 2019-20.

Spending on schools is funded by the Dedicated Schools Grant (DSG), from Government. The Council received £361.664m in 2020-21. Note 38 sets out the DSG grant in more detail. The Council also has responsibility for Public Health funding. A total of £42.175m was received in 2020-21, in the form of a ring-fenced grant from Government, to pay for Public Health services. There was an underspend against the balance of the grant of £1.107m. The outturn table shows the positions net of the impact of these grants, other ring-fenced grants and income from other third parties and their associated spend.

	Final Net Budget £m	Actual £m	Outturn £m
Controllable:			
Adult Care	273.759	257.889	(15.870)
Corporate Services	49.080	49.314	0.234
Clean Growth and Regeneration	1.328	1.181	(0.147)
Health and Communities	5.291	4.307	(0.984)
Highways, Transport and Infrastructure	80.632	80.769	0.137
Strategic Leadership, Culture and Tourism	14.283	13.576	(0.707)
Young People	126.475	129.864	3.389
Portfolio Outturn	**550.848**	**536.900**	**(13.948)**
Risk Management	9.442	0.000	(9.442)
Debt Charges	34.965	31.713	(3.252)
Interest and Dividends Receivable	(5.822)	(6.146)	(0.324)
Levies and Precepts	0.343	0.339	(0.004)
Corporate Adjustments	(8.771)	(9.431)	(0.660)
Total Outturn Position	**581.005**	**553.375**	**(27.630)**
Transfers to / from reserves:			
RCCO - Capital Funded from Revenue	0.000	0.000	0.000
Transfer to Earmarked Reserves	133.374	133.374	0.000
Transfer from Earmarked Reserves	(102.006)	(102.006)	0.000
Use of General Reserves	(14.692)	(14.692)	0.000
Contribution into General Reserve	11.180	38.810	27.630
	608.861	**608.861**	**0.000**
Financed By:			
Council Tax	(342.663)	(342.663)	0.000
Revenue Support Grant	(13.738)	(13.738)	0.000
Business Rates	(23.704)	(23.704)	0.000
Business Rates Top-up	(94.892)	(94.892)	0.000
Business Rates Relief Grant	(7.185)	(7.185)	0.000
New Homes Bonus	(2.326)	(2.326)	0.000
Other General Revenue Grants	(113.849)	(113.849)	0.000
PFI Grant	(10.504)	(10.504)	0.000
	(608.861)	**(608.861)**	**0.000**

Of the £13.948m portfolio underspend in 2020-21, the significant variances were an underspend of £15.870m on the Adult Care portfolio and a £3.389m overspend on the Young People portfolio.

The underspend on the Adult Care portfolio is mainly due to Government providing £14.317m of funding to meet the cost of all hospital discharges from March 2020 to September 2020 and up to the first six weeks of packages for all discharges from October 2020. These costs would ordinarily have been met from the portfolio's own budget allocation but additional funding was provided as a Covid-19 response measure, to speed up the discharge of patients from hospital and ensure that the maximum number of beds were available, to meet the pressures arising from the pandemic.

The overspend on the Young People portfolio has resulted primarily from continued high demand for placements for children who are in care, or unable to remain at home. The needs of individual children and the availability of placements has also meant that there are an increased number of children who have been placed in both more expensive fostering arrangements and more expensive residential provision.

The overspends on the Corporate Services, Highways, Transport and Infrastructure and Young People portfolios have been funded from the Council's General Reserve in 2020-21.

There has been an underspend on corporate budgets in 2020-21. The underspend on the Risk Management budget relates to unutilised contingency amounts, additional general grant and business rates income and one-off funding returned from portfolios. An earmarked reserve of £15.000m, to support the Council's and wider County recovery from the impacts of the Covid-19 pandemic, and a contingency balance of £2.500m, to fund any losses which may crystallise on investments in pooled funds, have been established from the Risk Management budget in 2020-21. Lower interest rates and delays to capital expenditure because of Covid-19 restrictions have resulted in an underspend on the Debt Charges budget. The Council utilises a range of investments to maximise its interest and dividend income on balances. Interest income includes interest accrued on the loan advances to Buxton Crescent Ltd. Corporate adjustments were underspent because of a reduction in the Council's provision for exit payments to staff. The total cost of exit packages decreased in 2020-21. In 2019-20 there was an increased number of departures and an increased average cost of pension strain within those packages.

The overall Council underspend results in a £27.630m increase in the Council's General Reserve, to a balance of £77.663m at 31 March 2021. Commitments of £25.246m against this balance are proposed in the Council's Performance Monitoring and Revenue Outturn 2020-21 Report and are detailed below. Further commitments against this balance are referred to in the Council's 2021-22 Revenue Budget Report. The delivery of the Council's Five Year Financial Plan (FYFP) is heavily dependent on an adequate level of General Reserve. The need to maintain an adequate, risk assessed level of reserves has been a key part of the Council's success in both maintaining its financial standing and continuing to deliver high quality services. The balance will be further reduced by the measures required to deliver the Council's FYFP. The adequacy of the Council's General Reserve balance is considered later in the Narrative Report.

At 31 March 2021 there were £0.579m of portfolio ring-fenced commitments. In addition to the ring-fenced commitments, the Council's Performance Monitoring and Revenue Outturn 2020-21 Report proposes to allocate underspends of £1.667m to the Clean Growth and Regeneration, Health and Communities and the Strategic Leadership, Culture and Tourism portfolios (net of these portfolios' commitments of £0.171m separately proposed), to help manage their allocated budget savings in 2021-22 to 2025-26. To provide flexibility in meeting budget pressures and reduction targets, these amounts will be carried forward in departmental earmarked reserves. In addition, the process of detailed review of earmarked reserves will continue and any available balance will be returned to the General Reserve, as appropriate. Any decisions on the use of departmental earmarked reserves containing underspends will continue to be subject to appropriate approvals, either by Executive Director or Cabinet Member. The Council's Performance Monitoring and Revenue Outturn 2020-21 Report also proposes to allocate £9.000m to the Budget Management Earmarked Reserve and £14.000m to a newly established Earmarked Reserve as a contingency against further potential funding losses during the Covid-19 recovery period.

The Comprehensive Income and Expenditure Statement shows a deficit on provision of services of £95.922m. This is different to the outturn position shown above as it includes both cash transactions and non-cash items, such as depreciation. The deficit, in the main, relates to the loss on disposal of non-current assets, which includes fifteen more schools that converted to academies during the year.

Covid-19

The Council has a critical role in helping to lead the local response to the Covid-19 pandemic, both through its own services and via co-ordination with partner bodies such as the Local Resilience Forum (LRF) and others. The aim has been to save lives, protect the NHS, ensure residents are protected wherever possible, and that crucial public services continue to operate in these unprecedented times. Since March 2020 the Council has taken a number of steps to ensure its residents and staff are safe and using its resources as effectively as possible to combat Covid-19. The Council has mobilised its resources and expertise to ensure that accurate and up-to-date information about infection rates across the county, along with intelligence on the wider impact of the pandemic, is provided for decision makers, and worked with partners to advise on how the virus can be most effectively managed for staff, residents and the delivery of essential services. Having undertaken a comprehensive business continuity planning process, the Council was able to suspend certain non-essential services and re-deploy staff into areas and activities that have been critical to the Council's emergency response.

As the county moves into the next phase of living with Covid-19, protecting the health of local people will be critical in managing local outbreaks and reducing the spread of the virus. Effective local testing and contact tracing arrangements have been put in place and the Council is working alongside the NHS to support the rapid roll out of the vaccine programme to protect Derbyshire's communities and those most in need.

In the next year the Council will have carried out the following key actions:

- Supported more Derbyshire people to volunteer to help their communities, learning from and building on the remarkable response to the Covid-19 pandemic.
- Worked with partners and supported individuals, communities and businesses who have been impacted by the pandemic.
- Undertaken local Covid-19 testing and contact tracing activity and provided advice to schools, care homes, businesses and communities to help manage the spread and outbreaks of coronavirus.
- Implemented year 1 of the Covid-19 Economic Recovery Strategy Action Plan, including rolling out a new £1m Business Start-up programme to support business growth and a £2m Green Entrepreneurs scheme to support innovation in low carbon technologies.
- Implemented year 1 of the Covid-19 Employment and Skills Recovery Action Plan including delivery and expansion of a careers hub and development and implementation of a youth hub.
- Worked with schools and other education providers to implement new strategies and support, to enable children and young people to achieve their educational potential and begin to catch up on learning they have missed due to Covid-19 restrictions.

The financial implications of Covid-19 were captured and reported regularly to the Ministry for Housing, Communities and Local Government (MHCLG) during the year. In 2020-21, the gross cost to the Council in respect of the Covid-19 pandemic was £81.428m, before Covid-19 specific recharges and grant income and Covid-19 general grant income. These gross costs of £81.428m have been fully funded in 2020-21, using £47.639m of available Covid-19 specific recharges and grant income, with the balance of £33.789m funded using the Council's general Covid-19 emergency funding for Local Government receivable for 2020-21 of £45.037m. The remaining balance of the Covid-19 general emergency funding at 31 March 2021, amounting to £11.248m, has been carried forward to 2021-22 in an earmarked reserve. A more detailed analysis is available in Note 50 to the Accounts.

Government has supported the Council as it works through the inevitable impact of Covid-19. However, the effects on communities and the local economy could be felt for years and the Council must plan for increased demand and pressure on services. Difficult decisions around additional budget savings over the timeframe of the FYFP will need to be made but the Council will continue to lobby Government for additional resources. With the ongoing pandemic and uncertainty around aspects such as Variants of Concern, the Council will continue to monitor the situation closely. The Council's approach to delivering services remains steadfast, and the Council will continue to support individuals and communities to get on in life and make a difference to where they live, giving them the tools they need to recover, rebuild and thrive.

Capital Expenditure

In 2020-21 the Council's capital expenditure decreased by £12.187m. The Council had planned to spend £155.630m, as set out in the Council's Estimate of Capital Expenditure in the Council's Capital Strategy reported to full Council, however the Covid-19 pandemic impacted on this estimate and actual expenditure was much less.

	2019-20 £m	2020-21 £m
Capital Expenditure	**103.249**	**91.062**
Funded by:		
Grants and Contributions	46.516	74.112
Loans	48.900	14.359
Revenue Contributions	-	-
Capital Receipts	7.833	2.591
Total	**103.249**	**91.062**

Before 2018-19 the Council funded some capital projects using revenue contributions. In 2018-19 the Council changed its approach to allocating funding to capital projects, leading to an increase in the Council's use of available capital receipts and borrowing to replace the revenue contributions no longer being used. This measure was designed to give flexibility to the Council in managing its budget reductions, if required.

LEPs are locally owned partnerships between local authorities and businesses. LEPs play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create jobs. The Council is the Accountable Body for the D2N2 LEP. Using the freedom and flexibilities given to LEP Accountable Bodies, the Council utilised Local Growth Fund underspends during 2017-18 and 2018-19 to fund its capital programme. In 2019-20 the Council repaid the Local Growth Fund balance of £28.972m used in this way. Under the same freedom and flexibilities, in 2020-21 the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme. This has impacted on capital financing in 2019-20 and 2020-21, reducing the grant funding of capital expenditure and increasing borrowing in 2019-20, in respect of the repayment of the utilised Local Growth Fund underspends, and increasing the grant funding of capital expenditure and reducing borrowing in 2020-21, in respect of the utilisation of Getting Building Fund underspends.

Assets and Liabilities

The value of Property, Plant and Equipment Assets (PPE) has decreased by £129.817m from the previous year. The reason for this is that there are fewer assets on the balance sheet at the year-end as a result of schools converting to academies during the year, referred to in Note 6.

Current and Non-Current Investments have increased by £115.717m and Cash and Cash Equivalents have decreased by £2.502m from the previous year.

Current and Non-Current Debtors have increased by £6.104m.

Creditors and Provisions have increased by £14.174m.

Current and Non-Current Borrowing have increased by £32.200m. The Council has not entered into any long-term debt since September 2010. The Council has one Lender Option Borrower Option (LOBO) loan, with a nominal value of £5.000m, remaining.
Other Non-Current Liabilities have increased by £373.295m. This increase has arisen because of a £377.857m increase in the valuation of the Local Government Pension Scheme and Teachers Pension Scheme net liabilities. This has contributed to a reduction in the Council's Unusable Reserves.

Cashflow

The Council's cashflow in 2020-21 does not highlight any significant changes, except for additional grant funding received, partly offset by additional operating costs incurred, mainly in respect of the Covid-19 pandemic. There was an associated increase in net investments purchased, as grant funding received but earmarked for future expenditure was invested. Dividends and interest received also decreased as a result of the impact of the Covid-19 pandemic on investment returns.

Cash inflow from Operating Activities increased by £44.116m in 2020-21. An increase in Council Tax of £16.363m and an increase in Other Revenue Grants of £74.263m were partly offset by an increase in Other Operating Payments (non-employee) of £47.678m. Dividends Received decreased by £0.758m and Interest Received decreased by £1.293m in 2020-21.

The net cashflow from Investing Activities changed from an inflow of £4.541m in 2019-20, to an outflow of £88.427m, in 2020-21. Capital Grants received increased by £73.550m and payments for the Purchase of Non-Current Assets decreased by £9.600m in 2020-21 but this was more than offset by an increase in the net payment for the purchase of investments of £176.102m.

Cash inflow from financing activities increased by £13.856m in 2020-21, as the net inflow from new short-term loans increased by £14.079m.

For 2020-21 the Government rolled forward core components of the previous multi-year settlement, which ended on 31 March 2020, with elements of core funding increasing from the 2019-20 Settlement in line with CPI inflation, key Local Government grants being maintained at 2019-20 levels and £1bn of additional funding provided for social care.

Council Tax was increased by 2% in 2020-21 to comply with Government's expectation that part of the additional pressures in adult care would be funded by levying additional Adult Social Care (ASC) Precept. In 2021-22, Council Tax was increased by 2.5%, to levy the ASC Precept at 1% (out of a possible 3% allowed) and also to increase basic Council Tax by 1.5%, in recognition of Adult Social Care pressures and the significant increase in general budget pressures the Council is experiencing. This then gives the Council the option of levying the remaining 2% ASC Precept in 2022-23, in addition to any increases permitted by the 2022-23 Referendum Principles, in the expectation that the worst effects of the Covid-19 pandemic will be over and recovery will have begun. A 2% Council Tax increase is forecast in the Council's FYFP in each year from 2022-23 to 2025-26.

Better Care Fund (BCF) allocations and additional allocations of improved BCF will also continue to contribute to supporting Adult Care services.

In the event that more schools convert to academy status, there will be a loss of funding through the Dedicated Schools Grant matched by a reduction in expenditure on schools, however it could result in a potential loss of income from services the Council trades with schools.

Given the continued uncertainty of future local government funding, the Council's borrowing strategy continues to address the key issue of affordability, without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs, by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Council's external treasury management advisor will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021-22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding, in line with the CIPFA Treasury Management Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity, in order to retain its access to HM Treasury's PWLB lending facility.

Alternatively, the Council may arrange forward starting loans during 2021-22, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow further short-term loans to cover cash flow shortages.

Provisions and Contingencies

Movements in provisions and contingencies are disclosed in the Notes to the Accounts. There have been no material changes to policy or to amounts during the year.

Reserves

The Council's Usable Reserves, which include General and Earmarked Revenue Reserves, have increased by £88.705m, to £420.353m.

The General Reserve balance has increased by £24.119m, to £77.665m at 31 March 2021. The majority of chief financial officers consider an acceptable level of generally available reserves to be one that reflects a risk-based approach to potential liabilities. A relatively crude measure is to expect a prudent level of risk-based reserves to be between 3% to 5% of a council's net spending. As at 31 March 2021, after commitments of £25.246m set out earlier in the Narrative Report, the figure for the Council stood at 9%, indicating a robust balance. However, it is necessary to consider this indicator over the medium term to gain a better understanding of its adequacy.

During 2020-21, the Earmarked Reserves balance has increased by £31.366m, to £260.503m. Earmarked Reserves are held for specific purposes and are regularly reviewed by Cabinet as part of the budget monitoring cycle. A more detailed analysis is available in Note 29 to the Accounts.

The Unapplied Capital Grants Reserve has increased by £31.981m, to £73.533m at 31 March 2021. This reserve holds the grants and contributions received towards capital projects, but which have yet to be applied to meet capital expenditure. As referred to in respect of the profile of the Council's Capital Expenditure in 2020-21 above, using the freedom and flexibilities given to LEP Accountable Bodies, the Council utilised Local Growth Fund underspends during 2017-18 and 2018-19 to fund its capital programme. The majority of the decrease in this reserve in 2019-20 is because of the repayment in that year of this temporary funding provided in previous years. During 2020-21, again under the freedom and flexibilities given to LEP Accountable Bodies, the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme (2019-20: nil).

The Capital Receipts Reserve has increased by £1.238m, to £8.653m at 31 March 2021. This is money set aside to meet capital expenditure and has been used mainly to fund Markham Vale, the Coalite regeneration site and Linden House. The reserve has increased in 2020-21 primarily because of a receipt of £2.650m for a plot of land at Markham Vale.

After adjusting for non-cash items, the Council's General and Earmarked Reserves remain at robust, risk assessed levels. These levels are key to the delivery of the Council's objectives over the medium term as a means of helping to manage significant potential liabilities and the general reduction in resources. All such risks are regularly reviewed and appear alongside mitigating actions, on the Council's Strategic and Departmental Risk Registers. The Council formally reviews its reserves at least annually, as set out in the Council's Reserves Policy. The last review was reported to Council in February 2021.

Pensions Liability

Under International Accounting Standard 19 (IAS19), the Council is required to show the total future costs of pension liabilities for the Local Government Pension Scheme. This is a notional figure, as the Council's budget is constructed on the basis of actual contributions payable.

The IAS19 notional cost of the LGPS scheme for 2020-21 is £94.490m and for Teachers Pensions is £1.217m. The actual contributions made for the year were £59.314m and £4.272m respectively, resulting in a net adjustment to the revenue position of £32.121m. In addition, there were actuarial losses on both schemes, amounting to £340.130m and £5.606m respectively, resulting in an increase of £377.857m in the total pensions liability of the Council, to £1,084.181m at 31 March 2021.

The return on LGPS scheme assets in 2020-21 has been more than offset by losses arising from changes to the demographic, financial and other assumptions used to measure LGPS scheme liabilities in the actuarial valuation as at 31 March 2019.

The overall net pensions liability is offset by a matching notional reserve, ensuring there is no impact on the level of Council Tax. The debit balance on the pensions reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The Funding Strategy adopted by the Pension Fund will ensure that funding will have been set aside by the time the benefits come to be paid.

Events After the Balance Sheet Date

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

Organisation and Governance

The Council is composed of 64 Elected Members who are democratically accountable to the residents of their electoral division. Members follow a Code of Conduct, to ensure high standards in the way they undertake their duties. The Cabinet consists of the Leader of the Council and, up to May 2021, six Members. From May 2021, following changes to the Council's portfolios set out earlier in the Narrative Report, the composition of the Cabinet changed to the Leader of the Council and eight Members. The Cabinet is responsible for guiding the Council in the formulation of the corporate plan of objectives and key priorities, which is referred to in more detail, under Strategy and Resource Allocation, below. Within the policy framework, budgets and major plans are approved by the full Council and the Cabinet has executive responsibility for the implementation of the Council's key goals and objectives.

The Governance, Ethics and Standards Committee (formerly the Standards Committee) promotes and maintains high standards, assists Members in observing the Code of Conduct and advises the Council on matters related to the Code of Conduct. The Council also operated four Improvement and Scrutiny Committees during 2020-21, which support the work of the Cabinet and the Council as a whole.

All Members meet together as the Council. Meetings are generally open for the public to attend, except where confidential matters are being discussed.

More information on the Council's Governance Framework is included in the Council's Annual Governance Statement, which is included at the end of these accounts.

Local Enterprise Partnership

D2N2 is the Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire. It plays a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs. It is a locally owned partnership between the public and private sectors and in April 2019 became incorporated in line with new Government guidelines. It is managed by a Board made up of the constituent councils, including Derbyshire County Council and private sector representatives.

From April 2019 the Council became the single accountable body for all D2N2 LEP funds. As Accountable Body, the Council is responsible for overseeing the proper administration of financial affairs within the LEP with regard to public funds.

Over the six years up to 2020-21, the Government allocated the D2N2 LEP £250.7m from the Local Growth Fund. During 2020-21, grants have been allocated to a further thirteen projects in the Derbyshire/ Nottinghamshire region, after successful grant bids were received and approved by the Investment Board.

In July 2020, the Government allocated the D2N2 LEP £44.4m, up until the end of 2021-22, from the Getting Building Fund. During 2020-21, grants have been allocated to seven projects, after successful grant bids were received and approved by the Investment Board.

The D2N2 LEP's income and expenditure is accounted and administered independently from the Council's accounts and therefore, do not form part of the main statements which appear later in this Statement of Accounts. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

Vertas (Derbyshire) Limited, Concertus (Derbyshire) Limited and PSP (Derbyshire) LLP

Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies in which the Council has a 49% stake, with the aim of providing cleaning and caretaking services and property design and consultancy, respectively. The transition of the Council's cleaning and caretaking service and design services took place on 1 September 2020. 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. During 2020-21, income of £0.206m was receivable from VDL, of which £0.066m was outstanding at 31 March 2021 (CDL, nil); expenditure of £7.484m was payable to VDL and £1.261m was payable to CDL, there were no outstanding balances at 31 March 2021.

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, with the aim of improving, rationalising or developing the Council's surplus property. 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. There were no transactions with the company during 2020-21.

Strategy and Resource Allocation

The Council Plan 2020-21 set out the direction of the Council and the outcomes that the Council is seeking to achieve.

Outcomes

- **Resilient and thriving communities** which share responsibility for improving their areas and supporting each other.
- **Happy, safe and healthy people** with solid networks of support, who feel in control of their personal circumstances and aspirations.
- **A strong, diverse and adaptable economy** which makes the most of Derbyshire's rich assets and provides meaningful opportunities for local people.
- **Great places to live, work and visit** with vibrant schools, diverse cultural opportunities, transport connections that keep things moving and a healthy and sustainable environment for all.
- **High quality public services** that work together and alongside communities to deliver services that meet people's needs.

Performance Overview

The Council Plan 2020-21 identifies a small number of focused priorities to direct effort and resource, supported by "deliverables" under each priority. These set out what the Council aimed to deliver over the year, supported by key measures which enable the Council to monitor the progress made. The Council Plan was refreshed in July 2020 to reflect the impact, opportunities and challenges resulting from the Covid-19 pandemic.

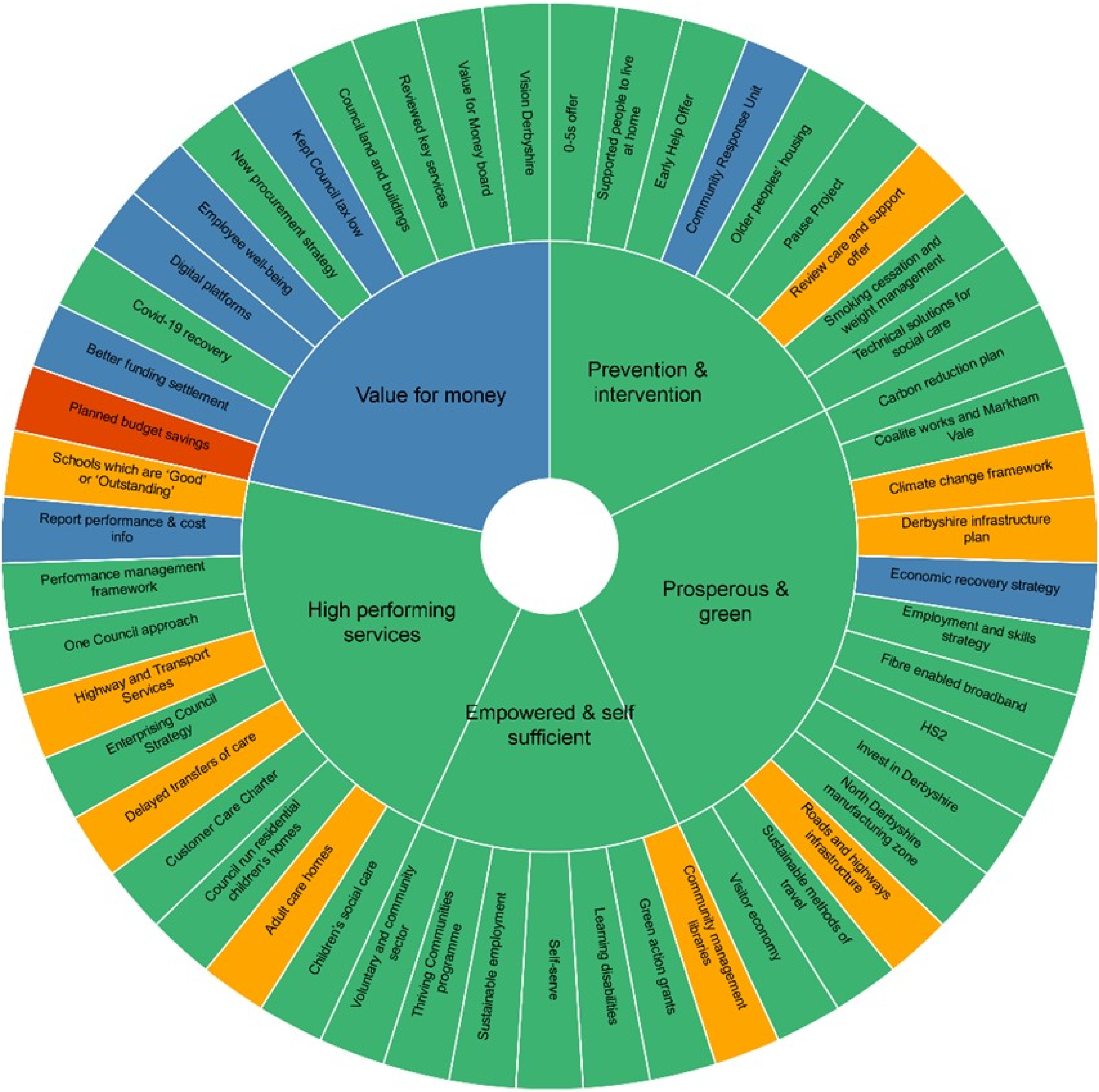
To ensure effective monitoring, and to facilitate appropriate actions, performance is reported in context, with accompanying financial information, on a quarterly basis. New reports were successfully developed during 2020-21, combining performance reporting with existing budget monitoring and forecast outturn reporting, to ensure effective monitoring, and to facilitate appropriate actions. The reports were delivered by portfolio, to individual Cabinet members, and combined, to Cabinet.

Good progress has been made in delivering the Council Plan 2020-21. Of the 51 deliverables against the five key Council priorities in the Council Plan, 41 (80%) have been categorised as strong or good, six as requiring review and one as requiring action as at 31 March 2021. This is an improvement in performance from quarter 3 where 13 deliverables were rated as requiring review or action. Three deliverables have not been given a rating as the data supporting these deliverables continues to be unavailable due to the Covid-19 pandemic.

The graphical representation below gives an overview of the year end performance for each deliverable (outer wheel), by Council Plan priority (inner wheel). The colours in each segment of the wheel show the extent of the Council's achievement in 2020-21. The colour of each priority in the inner wheel reflects the average rating for that priority.

- The priority for “A Prosperous and Green Derbyshire” performed well and reflects activity to maximise the opportunities presented by Covid-19 as well as address the challenges. One deliverable is rated as strong, highlighting excellent progress on developing and implementing a Covid-19 economic recovery strategy. A further nine deliverables are rated good and three are requiring review.
- The “Empowered and Self-Sufficient Communities” priority has seen an improvement since quarter 3 with the deliverables rated as good increasing from five to six. In particular, progress has been made towards Phase 2 of the Thriving Communities programme and in supporting people with learning disabilities to move from a short-term residential placement to a supported living long term home within local communities. There is one deliverable rated as requiring review.
- Good progress was made in delivering the priority for “A Focus on Prevention and Intervention” with one deliverable being rated as strong and seven deliverables as good. One deliverable has been rated as requiring review. The Community Response Unit continues to support those affected by Covid-19 and good progress has been also made in supporting people to stop smoking, despite the constraints of the pandemic.
- Over half of the deliverables in the “High Performing Council services” priority are rated as good or strong, however progress against this priority continues to be affected by the Covid-19 restrictions on Ofsted and Care Quality Commission inspections and the suspension of the national publication of data on delayed transfers of care from hospital. This impacts on the Council’s ability to further improve the key measures relating to these deliverables.
- The “Value for Money” priority performed well with four deliverables now rated as strong, and a further six deliverables rated as good. The deliverable to achieve all planned budget savings in the medium term remains the only deliverable within the Plan rated as requiring action and reflects the impact of Covid-19 on the timing of the Council’s achievement of savings. The position has, however, improved from quarter 3 and the following report gives a detailed analysis of progress against savings targets. It must also be recognised that the achievement of planned savings has affected all councils and the in-year shortfall has been substantially met by the receipt of un-ringfenced Covid-19 grant funding from Government. The expectation is that the savings shortfall will be made up in a later year within the medium-term financial plan.

With 80% of deliverables rated as strong or good, there is much to celebrate in the progress the Council has made in delivering the Council Plan.



Key

- Strong – performing strongly
- Good – performing well
- Review – will be kept under review to ensure performance is brought back on track
- Action – additional action will be/is being taken to bring performance back on track

The quarterly breakdown of the deliverables below shows how progress has improved during 2020-21, with 41 (80%) of deliverables rated as either strong or good by March 2021. The Community Response Unit and the Green Action Grants deliverables were first introduced in the first and second quarters of 2020-21, respectively, and so were not reported on until the following quarters.

	Jun 2020	Sep 2020	Dec 2020	Mar 2021
	Deliverables	Deliverables	Deliverables	Deliverables
Strong	1	2	4	7
Good	35	36	32	34
Review	11	11	14	9
Action	2	1	1	1

In support of the deliverables, 29 measures were identified in the Council Plan, with 21 of these rated based on performance against target, as shown in the following diagram. The colours in each segment of the wheel show the Council's success in achieving its performance targets in 2020-21.

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

Performance measures with a target show some improvement during 2020-21, with eleven (52%) showing strong or good performance, four requiring review (more than 2% variance from target), and six requiring action (more than 10% variance from target).

	Jun 2020	Sep 2020	Dec 2020	Mar 2021
	Measures	Measures	Measures	Measures
Strong	6	5	7	7
Good	6	3	4	4
Review	3	4	4	4
Action	5	8	6	6

Despite the significant impact of Covid-19, there were a number of key areas of success in 2020-21:

- In setting its Council Tax requirement in 2020-21, for 2021-22, the Council set the second lowest Council Tax increase, amongst comparable county councils, of 2.5%, representing the levying of 1% for the adult social care precept to support adult social care funding, and a general increase of 1.5%.
- The “Your Council Your Voice” survey showed 53.4% of residents were satisfied with the Council and 50.5% agreed they were kept informed. Both figures show improvement from 2019-20 and are above target.
- Homeworking and the development of new ways of working is being successfully supported by the ICT service and the roll out of Microsoft 365 licences.
- The average number of sickness days lost per appointment during the year was 8.7 days, a reduction from 10.4 in 2019-20, and well below the target of 10.
- The sale of eleven property assets during the year raised £3.961m.
- Over 3,100 businesses have been supported during 2020-21, with 2,036 businesses supported through a Business Hardship Fund, delivering webinars and advice to business start-ups.
- The online platform ‘Shopappy’ has been launched across Derbyshire, with national press coverage, to provide all retailers and businesses in 27 market towns with a digital presence to support e-commerce.
- Contract 2 for fibre enabled broadband has resulted in 21,000 additional properties being connected. This is in addition to 86,000 properties connected during Contract 1. An additional 90,000 premises have been connected as part of the commercial roll out.
- A £40m programme of highways improvements has been developed, representing a significant increase in funding over previous years.
- The Community Response Unit has supported over 4,400 Derbyshire residents through the Covid-19 pandemic over 2020-21, of which over 1,600 were clinically extremely vulnerable.
- In 2020-21, the stop smoking service has supported significantly more people to stop smoking, with an end of year forecast of 1,529 people compared to 1,159 people in 2019-20.

- Progress is being made, despite the Covid-19 pandemic, 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.
- The new national approach to discharge from hospital has continued and progress has continued to ensure people do return to their own homes.
- Children's social care services have continued to be responsive and are delivering improved performance through a strong and resilient workforce.
- The newly designed Early Help offer continues to be embedded with teams continuing to develop and use creative approaches for engaging with individual children and families, for group work and for advice and support.

Key areas for consideration are:

- The Covid-19 pandemic has significantly impacted on the timing of the Council's achievement of savings, with only 49% of the Council's 2020-21 budget savings achieved by 31 March 2021. As noted above, it must be recognised that the achievement of planned savings has affected all councils and the in-year shortfall has been substantially met by the receipt of un-ringfenced Covid-19 grant funding from Government. The expectation is that the savings shortfall will be made up in a later year within the FYFP.
- The Council attracted £15.6m of external funding in 2020-21 to support recovery and to help drive continued economic growth. Whilst this funding level is below the target of £20m, it represents a substantial increase over 2019-20. The total value of investment linked to this external funding is considerably higher and is likely to be in excess of £23m.
- A total of 71% of all highway defects were completed within target during 2020-21, compared with 77% for 2019-20. Work is behind programme because of adverse weather conditions, the Covid-19 pandemic and the impact of previous years' back logs.
- A significant amount of the £40m programme of highways improvement schemes will be targeted at repairs resulting from the floods that hit the county in late 2019 and early 2020. The floods left behind damaged carriageways and structures and caused two major landslips that washed away roads. These issues are currently being addressed. A programme, to tackle drainage and surface deterioration and to prevent potholes, is also in progress, which will help with improving customer satisfaction levels with the condition of the roads.
- The Covid-19 pandemic has impacted on the performance of the Council's weight management service in 2020-21. Service delivery was suspended in March 2020 and did not resume until August 2020. The prolonged nature of the pandemic has impacted upon people's motivation to lose weight and there is evidence that the anxiety and stress arising from lockdowns has led to people gaining weight due to 'comfort eating'. In addition, Health Improvement Advisors have focused more over the past year on people's wellbeing and supporting clients generally.

Outlook, Risks and Opportunities

Funding

The local government sector is seeking a multi-year settlement, beyond 2021-22, to provide funding certainty and stability, similar to the four-year offer made by Government in 2015.

The Spending Review 2020 (SR 2020) set out public spending totals for one year only, in order to prioritise the Government's response to the Covid-19 pandemic and focus on supporting jobs. It is now hoped that there will be a comprehensive multi-year Spending Review in 2021. The Council will continue to lobby Government by responding to appropriate consultations in support of both a fair funding and multi-year settlement for the Council.

The Council's FYFP is reviewed and updated at least annually. It was last updated during the annual budget setting process for 2021-22, earlier in 2021. A number of risks regarding the assumptions made in developing the FYFP were highlighted in the Revenue Budget Report, these being:

- **Achievement of Savings** – there is a reliance on the achievement of a programme of budget savings. Any delays in implementation result in departmental overspends under normal circumstances, which result in reserves being used to cover the shortfall. Various scenarios for reserves have been modelled and the pessimistic General Reserve forecast results in a balance which is just 1.6% of forecast FYFP spending in 2025-26. Other earmarked reserves available for budget management are also forecast to reduce. The General Reserve needs to be preserved across the medium term to maintain financial sustainability, preserve the ability to soft land budget cuts and provide funding for Covid-19 recovery.
- **Service Pressures** – there is a commitment to support budget growth where necessary and in particular within children's social care. However, if current trends continue regarding placements and there is inadequate funding to support this, there will be further pressure on budgets in later years. However, there is analysis underway to consider how to mitigate demand pressures on the number of looked after children, which has the potential to help control some of these financial pressures, but they are unlikely to be effective in the short-term. Demographic growth continues to affect Adult Social Care costs. Predictions show that the Council will experience further annual growth, with significant additional annual costs estimated over the period of the FYFP.
- **Economic Climate** – the Covid-19 pandemic has resulted in a significant economic shock, from which the economy has partly bounced back, but it will take some time to recover Gross Domestic Product to pre-pandemic levels. Higher unemployment increases demand on local authority services, whilst at the same time there is a potential for reductions in income for discretionary services.
- **Spending Reviews** – the Government has issued single year spending reviews for the last two financial years. Councils need a multi-year settlement

that supports both financial and service planning. There is also a risk that the Government's investment in the Covid-19 pandemic may result in further austerity measures in future years, as savings are required to repay the debt incurred by Government.

- **Fair Funding and Business Rates Reviews** – the reviews have been delayed for a number of years and the planned implementation for April 2021 had been postponed again. A transparent, fair funding system is required, which reflects need and ability to fund services locally. The FYFP is predicated on the basis that mainstream funding continues as it is now.
- **Public Health Grant** – the Spending Review, along with the announcements alongside the Provisional Settlement, did not include additional funding for Public Health. This runs contrary to addressing the health inequalities exposed by Covid-19 and levelling up communities. There was confirmation that the grant will continue to be maintained and that the Government will set out further significant action that it is taking to improve the population's health in the coming months, with no clear indication as to what this means.
- **Devolution** – the expected Devolution White Paper has been further delayed and there are no firm dates as to when the Government will publish it.
- **Brexit** – whilst a deal has been agreed and implemented between the UK and the EU, there remains elements of uncertainty as to how the agreement will work in practice over the medium to long term.
- **Covid-19 Financial Pressures** - the Spending Review and Provisional Settlement confirmed that local authorities would be provided with additional funding in 2021-22. It is hoped that this funding will be sufficient and will be distributed in a manner that reflects the cost pressures faced by individual local authorities. Whilst the roll-out of vaccinations provides hope of a return to some degree of normality, there is the potential for further spikes and subsequent and continuing restrictions as the country moves into and out of winter, particularly in respect of the recently identified and more infectious strains. Doing so may result in additional costs depending on the severity of the restrictions.

Expenditure

By 2025-26, the Council needs to have reduced expenditure by at least a further £72m in real terms, of which measures amounting to £38m have been identified. This is in addition to £304m of budget reductions the Council has already made to services since 2010.

The shortfall between target and identified savings has grown over the course of 2020-21 and now stands at £34m, around £22m higher than reported in 2019-20. Although £4m of additional savings have been identified as part of the budget preparation process for 2021-22, there have been additional forecast pressures on the budget from 2021-22 to 2024-25, which mean that the total shortfall has grown by £8m over these years. In addition, there is now an expectation that budget pressures will continue into 2025-26, which is the final year of the FYFP, when a further £14m of savings are now forecast as being required.

There is a clear and significant challenge to identify savings to bridge the remaining savings gap and plan the best approach to achieving those savings over the next few years, if additional funding is not received over and above that forecast. Additional funding may come from further increasing Council Tax in 2022-23 onwards, over and above the 2% increases forecast, up to referendum limits, further Government grants over and above those predicted or from increased business rates growth.

The Council continues to look at ways to save money and generate income, whilst trying to protect and deliver services suitable for the residents of Derbyshire. Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure.

In many cases the proposals will be subject to consultation and equality analysis processes. Progress against budget savings targets will be closely monitored, however there is a heightened risk of not achieving a balanced budget, because of both cost pressures and savings slippage as a result of the Covid-19 pandemic.

There is a planned use of General and Earmarked Reserves from 2021-22 to 2025-26 in order to achieve a balanced budget.

Increased Demand for Services

There continues to be an increased demand for services, leading to significant cost pressures in providing essential services such as social care and waste. The increasing importance of the identification of the nature and size of future budget pressures arising from increased demand for services will require changes to the horizon scanning currently undertaken by the Council's departments, in order to reduce risks inherent in formulating and planning to meet pressures in the FYFP. The Council is working towards agreed methodologies for quantifying the cost implications of the areas of large and consistent budget pressures and ensuring these are adequately reflected in risk registers, alongside suitable mitigations, but there is still more work required in this area.

All other budgetary pressures will need to be contained within departmental budgets. Where departments overspend from 2021-22 onwards, the Council's policy of ensuring that the departmental overspend is met from that department's budget in the following year will be expected after several years of meeting these costs corporately from the General Reserve.

The Council's Senior Members and Officers have lobbied Derbyshire MPs and the Secretary of State for Housing, Communities and Local Government regarding improving funding for the Council.

Social Care

Demographic growth continues to affect adult social care costs. Growth predictions show that the Council is subject to approximate annual increases of £3m in relation to adult services, with a further £2m for children transitioning to adulthood. These additional costs of £5m each year are predicted to continue for at least the next five years.

Over the last few years, the National Living Wage has increased annually by between 2% and 6.25%. For 2021-22, the increase is 2.2%. This directly impacts on the fees the Council pays to the independent sector. If this level of increase is to continue it will cost the Council an additional £13m each year.

The Council, along with many other local authorities in the country, and the Local Government Association, has expressed concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

At the start of the current calendar year, Local Government Association research highlighted that the number of children in care had risen by 28% in the past decade. In addition to this, there has been a further 139% rise in serious cases at the national level. The level of demand pressures on children's services is unprecedented and is financially unsustainable. The national picture is being reflected in Derbyshire. More children have had to be placed with external provides rather than in-house foster carers.

The National Audit Office highlighted in a report published in 2018 that overspends on social care have been the drivers of overall service overspends in single-tier and county councils. There were overspends in the Council's children's social care budget in each of the four years from 2016-17 and an overspend again in 2020-21, despite local investment in the service. There is a risk that demand will continue on the same trajectory as that seen in recent years, placing further financial pressure on the service when there is already substantial strain placed on the children's social care budget.

The need for additional support will continue to form part of the sector's lobbying strategy.

Waste

Waste landfill tax, landfill site gate fees and contractual payments for the operation of Household Waste Recycling Sites and Waste Transfer Stations are subject to price rises in line with the Retail Price. There are also statutory increases of 3% in the cost per tonne of recycling credits.

The Council and Derby City Council remain engaged in a project to develop a New Waste Treatment Facility (NWTF) in Sinfin, Derby, to deal with waste that residents in Derby and Derbyshire do not recycle. The facility, which was due to open in 2017, was being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which was a partnership between national construction firm Interserve, which was also building the plant, and waste management company Renewi plc. However, the contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.

A new contract has been put in place by the councils to make sure waste that residents cannot recycle or choose not to recycle continues to be dealt with and that recycling centres and waste transfer stations continue to operate. These services will continue to be run by waste management company Renewi UK Services Ltd, under a two-year contract.

Work had been progressing on the facility to determine its condition and capability, however due to the measures introduced by the UK Government to counter the Covid-19 pandemic, work on site has been affected. This work is also being carried out by Renewi UK Services Ltd and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational. The councils are in negotiations to pay an "estimated fair value" for the plant, taking into account all of the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards.

Covid-19

The coronavirus Covid-19 pandemic is placing additional strains on budgets and challenging how the Council works and delivers services to local people.

The Council knows that the pandemic has had a significant impact on communities and key sectors of the economy and it is working hard with partners to support economic and community recovery across all areas of the county, ensuring equality of access to opportunities and support, to build a fairer, more inclusive future for the county. As the county moves into the next phase of living with coronavirus, protecting the health of local people will be critical in managing local outbreaks and reducing the spread of the virus. Effective local testing and contact tracing arrangements have been put in place and the Council is working alongside the NHS to support the rapid roll out of the vaccine programme, to protect our communities and those most in need.

The Council has set aside £15m to support Derbyshire communities and businesses to recover from the effects of coronavirus. The fund will focus on creating jobs and growth, supporting the green economy, entrepreneurs and business diversification, as well as apprenticeships and training for young people.

The funding will help to pump prime the Council's recovery strategy, alongside Government funding to support further measures to support the local economy.

Climate Change

The Council has responded to the threat of Climate Change by the issue of a manifesto and the development of measures to address the manifesto's commitments. Funding was made available in the 2020-21 budget to develop a range of measures. Further reports to Cabinet will help set out the steps the Council will take. However, this is an issue that carries a high risk of financial uncertainty over the long term and will require coordinated effort by all public bodies, especially the Government. In the longer term it is hoped that early costs may be offset by future savings in the same way as the Council's successful LED programme for replacement of streetlights has done.

Through the implementation of the Derbyshire Climate Change Framework, the Council is working with partners to reduce emissions and achieve a net zero target by 2050. Over the last ten years the Council has cut its emissions from its own estate and operations by 55% and has an ambitious target to achieve net zero carbon emissions by 2032, through the Carbon Reduction Plan. The Council is currently developing a Climate Change Strategy and Action Plan which will set out how emissions will be further reduced in the future.

Opportunities

The Council's Strategic Approach

The Council's Strategic Approach governs how the Council works, with and for communities, and in collaboration with its partners. Three key areas of activity are taking the approach forward - Enterprising Council, Thriving Communities and Vision Derbyshire.

Together these key areas place the Council in a stronger position to understand, to adapt and to respond to future challenges and to bring about the changes needed to ensure future success.

Enterprising Council

The Council is examining modern and innovative ways of providing services. At the moment, around 50% of Council expenditure is provided on the Council's behalf by the voluntary sector, parish councils, public-private partnerships, private contractors or charitable and community interest companies. The Council will be moving towards being an "Enterprising Council", looking at all types of delivery models in the future, including sharing or trading services with other councils. The role and shape of public services has changed dramatically, and the Council faces significant challenges in providing the services local people want and need.

Being an Enterprising Council means:

- Value for money is at the heart of everything the Council does.
- The Council is efficient and effective.

- The Council focuses on getting the best results for Derbyshire's residents, whether by the Council delivering a service, or by using an external organisation − there is no one size fits all.
- The Council has a bold, innovative and commercial mind-set.
- The Council does things 'with' local people rather than 'to' them and values fairness, openness and partnership.
- The Council is proud of Derbyshire and ambitious for its public services.

In responding to the Covid-19 pandemic, the Council has demonstrated how it can do things differently, be more agile and flexible and work closely with its partners, businesses and communities.

Thriving Communities

The Council recognises that it cannot keep up with the increasing demand for its services and needs to change the way it delivers some of its services. Thriving Communities focuses on listening to residents and understanding their needs, so that the Council can offer support which tackles the problems, rather than just the symptoms.

By tackling problems at source, the Council aims to create sustainable support services, which build on the strengths communities already have, to continue far beyond initial funding and Council involvement.

The Thriving Communities approach has been initiated in five areas across the county, which has provided a wealth of insight into the way the system can support people and communities to mobilise and take control of their lives.

Further work is now taking place to roll out the next phase of the Thriving Communities approach and programme work.

Vision Derbyshire

Councils across Derbyshire have been working on the development of a new model of local government and shared leadership. Phase 1 saw all ten Councils in Derbyshire – the County Council, City Council and eight District and Borough Councils – working together to identify shared priorities and outcomes and agree to strategically collaborate on the improvement of outcomes for people and places, to speak with one voice as a county and to coordinate resources better and more sustainably.

The programme has been driven forward and involved a significant investment of time, hard work and goodwill from participating councils and their leaders and executive officers. Derby City Council, who participated in Phase 1 of the approach, have not participated in the development of the approach since Phase 2, although the opportunity to work collaboratively on the further development of the approach has remained open.

Phase 2 subsequently resulted in the development of an approach to non-structural reform – Vision Derbyshire - and the development of a case for change and proposition to Government focused around four key ambitions, as follows:

- Seize innovation - pioneering skills and technologies for a sustainable future economy.
- Establish relentless ambition - creating opportunities for everyone in Derbyshire and making these visible.
- Build proactive communities - harnessing the energy in Derbyshire's communities and empowering people to make change.
- Live and work sustainably - committing to a zero-carbon footprint in our tourism, wider economy, and ways of working.

The approach also identified a number of enablers to support and embed collaboration, such as leadership, culture, technology, workforce, customers, assets and estimated possible organisational and wider system benefits, that could be achieved.

Work has been taking place in Phase 3 to implement the approach, through the development of an accelerated delivery programme and the development of new governance arrangements. New formal arrangements, through a joint committee, have been identified as being crucial in taking the approach forward, which, subject to approval and sign up of participating councils, will be launched in Autumn 2021. Vision Derbyshire provides the opportunity and potential for Councils in Derbyshire to take forward government proposals for Levelling Up and to maximise resources into the county.

Peter Handford BA(Hons) PGCert FCPFA
Director of Finance & ICT

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities
The Council is required to:

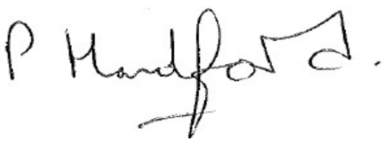
- make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Director of Finance & ICT;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director of Finance & ICT's Responsibilities
The Director of Finance & ICT is responsible for the preparation of the Council's Statement of Accounts, in accordance with the appropriate CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Director of Finance & ICT has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Code and the Regulations;
- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that events after the balance sheet date have been considered;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUTHORISATION OF ACCOUNTS FOR ISSUE

Certificate of Director of Finance & ICT
I certify that the accounts give a true and fair view of the financial position of the Council at 31 March 2021 and of its income and expenditure for the year then ended.



Peter Handford BA(Hons) PGCert FCPFA
Director of Finance & ICT
30 July 2021

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Statement of Accounts will be approved by the Audit Committee following audit.

		Note	2019-20 Gross Exp £m	2019-20 Gross Inc £m	2019-20 Net Exp £m	2020-21 Gross Exp £m	2020-21 Gross Inc £m	2020-21 Net Exp £m
A	Adult Care		406.098	(127.567)	278.531	456.658	(163.532)	293.126
B	Corporate Services		29.295	(24.647)	4.648	39.208	(24.393)	14.815
C	Clean Growth and Regeneration		6.698	(0.519)	6.179	2.553	(0.589)	1.964
D	Health and Communities		50.655	(44.758)	5.897	55.910	(53.931)	1.979
E	Highways, Transport and Infrastructure		127.893	(20.981)	106.912	132.103	(22.462)	109.641
F	Strategic Leadership, Culture and Tourism		13.710	(1.273)	12.437	14.159	(2.257)	11.902
G	Young People		668.912	(444.324)	224.588	636.164	(442.190)	193.974
A-G	**Net Cost of Services**		**1,303.261**	**(664.069)**	**639.192**	**1,336.755**	**(709.354)**	**627.401**
H	Other Operating Expenditure	6			174.670			146.810
I	Financing and Investment Income and Expenditure	7			47.885			21.701
J	Taxation and Non-Specific Grants	8			(559.115)			(699.990)
A-J	**Deficit on Provision of Services**				**302.632**			**95.922**
	Items that will not be Reclassified to Deficit on Provision of Services							
K	Gain on Revaluation of Non-Current Assets	14			(82.752)			(83.020)
L	Loss on Revaluation of Non-Current Assets	14			33.966			73.431
M	Remeasurement of Net Pension Liability/ (Asset)	48			(300.934)			345.736
K-N	**Other Comprehensive Expenditure/ (Income)**				**(349.720)**			**336.147**
A-N	**Total Comprehensive Expenditure/ (Income)**				**(47.088)**			**432.069**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

31 Mar 2020 £m		Note	31 Mar 2021 £m
1,752.894	Property Plant & Equipment	14	1,623.077
49.570	Heritage Assets	15	47.872
1.529	Intangible Assets	18	1.160
85.933	Non-Current Investments	21	122.307
0.169	Non-Current Debtors	20	0.242
1,890.095	**Total Non-Current Assets**		**1,794.658**
81.805	Current Investments	21	161.148
2.341	Assets Held for Sale	19	2.896
1.977	Inventories	22	1.588
76.133	Current Debtors	23	82.164
74.159	Cash and Cash Equivalents	24	71.657
236.415	**Total Current Assets**		**319.453**
(59.007)	Loans and Borrowing	21	(90.058)
(142.737)	Creditors	25	(153.623)
(201.744)	**Total Current Liabilities**		**(243.681)**
(242.566)	Non-Current Borrowing	21	(243.715)
(12.232)	Provisions	26	(15.520)
(770.718)	Other Non-Current Liabilities	27	(1,144.013)
(1,025.516)	**Total Non-Current Liabilities**		**(1,403.248)**
899.250	**NET ASSETS**		**467.182**
331.648	Usable Reserves	13	420.353
567.602	Unusable Reserves	13	46.829
899.250	**TOTAL RESERVES**		**467.182**

The accompanying notes form an integral part of the financial statements.

I certify that the Balance Sheet position gives a true and fair view of the financial position of Derbyshire County Council as at 31 March 2021.

P Handford.

Peter Handford BA(Hons) PGCert FCPFA
Director of Finance & ICT

CASH FLOW STATEMENT

2019-20 £m		Note	2020-21 £m
(302.634)	**Net Surplus or (Deficit) on the Provision of Services**		**(95.920)**
150.993	Adjustments for non cash movements	43	98.478
166.854	Adjustments for investing activities	43	56.771
	Net cashflow from:		
15.213	**Operating Activities**	**42**	**59.329**
4.541	Investing Activities	40	(88.426)
12.742	Financing Activities	41	26.598
32.497	**Movement in Cash & Cash Equivalents**		**(2.499)**
41.659	Cash & Cash Equivalents at the start of the year	24	74.156
74.156	**Cash & Cash Equivalents at the end of the year**	**24**	**71.657**

The accompanying notes form an integral part of the financial statements.

MOVEMENT IN RESERVES STATEMENT

	Note	General Reserve	Earmarked Reserves	Unapplied Capital Grants	Capital Receipts Reserve	TOTAL USABLE RESERVES	Unusable Reserves	Total Council Reserves
		£m	£m	£m	£m	£m	£m	£m
2020-21								
Balance at 31 March 2020		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(331.647)**	**(567.604)**	**(899.250)**
Movement in reserves during 2020-21								
Total Comprehensive Income and Expenditure	CIES	**95.920**	**0.000**	**0.000**	**0.000**	**95.920**	**336.147**	**432.067**
Adjustments between accounting basis and funding basis under regulations	13	(151.406)	0.000	(31.981)	(1.238)	(184.625)	184.625	0.000
Net Transfer to Reserves		31.368	(31.368)	0.000	0.000	0.000	0.000	0.000
(Increase)/Decrease in 2020-21		(24.118)	(31.368)	(31.981)	(1.238)	(88.705)	520.772	432.067
Balance at 31 March 2021 carried forward		**(77.665)**	**(260.503)**	**(73.533)**	**(8.653)**	**(420.352)**	**(46.832)**	**(467.183)**
2019-20								
Balance at 31 March 2019		**(64.570)**	**(233.445)**	**(56.285)**	**(12.433)**	**(366.731)**	**(485.432)**	**(852.162)**
Movement in reserves during 2019-20								
Total Comprehensive Income and Expenditure	CIES	**302.632**	**0.000**	**0.000**	**0.000**	**302.632**	**(349.720)**	**(47.088)**
Adjustments between accounting basis and funding basis under regulations	13	(287.299)	0.000	14.733	5.018	(267.548)	267.548	0.000
Net Transfer to Reserves		(4.310)	4.310	0.000	0.000	0.000	0.000	0.000
(Increase)/Decrease in 2019-20		11.023	4.310	14.733	5.018	35.084	(82.172)	(47.088)
Balance at 31 March 2020 carried forward		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(331.647)**	**(567.604)**	**(899.250)**

The accompanying notes form an integral part of the financial statements.

The values held within the proceeding Notes to the Accounts may vary slightly when compared to the main Statements or other notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £5,000 in any single case.

1. ACCOUNTING POLICIES

The Accounting Policies for 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 of Practice on Local Authority Accounting (the Code). Where there is no specific guidance in the Code, the Council has developed its own Accounting Policy which is aimed at creating information which is:

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

The Policies outline how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2020-21 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 Council'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.

2. CRITICAL JUDGEMENTS WHEN APPLYING THE ACCOUNTING STANDARDS

New Waste Treatment Facility
The Council and Derby City Council entered into an Inter Authority Agreement (IAA) on 20 August 2014 in relation to the operation and management of a Public Private Partnership (PPP) contract with Resource Recovery Solutions (Derbyshire) Limited (RRS) for the construction of the long term New Waste Treatment Facility (NWTF) in Sinfin and the provision of associated services. The facility was due to open in 2017, however, RRS was not able to resolve ongoing issues at the plant to allow it to pass the certified performance tests needed to bring it into operation. The contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.

The Council and Derby City Council entered a second Inter Authority Agreement (IAA) on 10 December 2020 to cover the period of the contract with Renewi UK Services Ltd. As with the previous IAA, this establishes that each council is represented on the board set up to oversee and implement the delivery of the project and has 50:50 voting rights, the councils collectively are considered to have power over the relevant activities and hence have control collectively. The relevant activities are the long term running of waste disposal for the councils. As decisions about the relevant activities will require the unanimous consent of both parties, the arrangement is considered to meet the definition of a joint arrangement. As the proposed arrangement is not structured as a separate entity it is classified as a joint operation and each council will recognise its share of the arrangement's assets, liabilities, income and expenditure.

The Council has considered the accounting treatment for the NWTF and has determined that no asset or liability can be recognised on the balance sheet at 31 March 2021 because the asset has not been brought into service as intended.

Going Concern

The Director of Finance & ICT, as Section 151 Officer, has concluded that the Council remains a going concern and that it is appropriate that the Council's Statement of Accounts for 2020-21 have been prepared on a going concern basis.

The Council will formally document an assessment of its going concern status in a Report to Audit Committee, on or before the publication of the Council's audited Statement of Accounts for 2020-21.

3. ACCOUNTING STANDARDS ISSUED AND NOT YET APPLIED

At the balance sheet date, the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Amendments to IFRS 3 Business Combinations: Definition of a Business. The Council has not participated in any material business combinations and these amendments would not have impacted on the Fund's 2020-21 accounts.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (including Phase 2). The Council does not practice hedge accounting and these amendments would not have impacted on the Council's 2020-21 accounts.

4. PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments.

5. ASSUMPTIONS MADE AND OTHER ESTIMATION UNCERTAINTY

Property Plant and Equipment Valuation

When determining current value for the measurement and disclosure requirements in relation to the Council's Property, Plant and Equipment assets, the Council makes assumptions and estimations. Where direct observable market data is unavailable, judgement is required in order to determine a fair value and the Council uses relevant experts to ensure that appropriate valuation techniques are used. Typically, judgements include considerations such as uncertainty and risk.

The method of valuation of the Council's portfolio of schools is the Depreciated Replacement Cost method, using a Modern Equivalent Asset (MEA). In 2018-19 the Council changed its estimation methodology. Where the build requirement is greater than the actual asset, the more prudent estimation methodology adopted by the Council from 2018-19 onwards restricts the valuation to the actual size of the current asset. In previous years the Council valued schools according to the principle of intensity of use, without this restriction.

Land and Buildings assets measured at current value are revalued on a five-year rolling basis by the Council's internal team of valuers. Each property is assessed on its own merits and the valuation is determined with due regard to any change or uncertainties which may affect the specific property. It is estimated that a theoretical 1% market drop applied across all properties valued in 2020-21 would equate to an impairment variation of £0.696m, which would be expensed through the surplus/deficit on the provision of services, whilst a 1% increase would equate to a rise in valuations of £10.758m to the revaluation reserve.

In response to the Covid-19 pandemic, the Royal Institute of Chartered Surveyors (RICS) has set up a Material Valuation Uncertainty Leaders Forum (UK) (MVULF), to consider the unique events relating to the pandemic and its impact on valuation, particularly on the issue of material uncertainty. The MVULF panel reported regularly during 2020, slowly lifting the need for material uncertainty clauses in valuations, where market evidence revealed the pandemic had not negatively impacted comparable evidence. The last output from MVULF, dated 5 January 2021, continues to recommend that material valuation uncertainty declarations are now not generally required, subject to the terms laid down by the panel and in accordance with their stipulated criteria. This recommendation continues to reflect that some assets valued with reference to trading potential remain subject to use of such a declaration and that discretion in all cases remains with the valuer.

Earlier in 2020-21, the Council reviewed its asset valuation strategy in view of the uncertainty caused by the pandemic. The normal practice of valuing 20% of Land and Buildings assets measured at current value at the start of the year (1 April) was reviewed. It was agreed that for 2020-21, the 20% rolling programme list would be reviewed at 31 March 2021, instead of 1 April 2020, updating the land values and gross replacement costs. Additional checks on Land and Buildings values were added to the process. It was agreed that schools MEA adjustments would also be reviewed in the same manner, with material changes being valued as at the date of change, but again reviewed at 31 March 2021. The remaining assets measured at current value, which had not been revalued in this way, were then reviewed, and a further top twenty assets by value were the subject of a desktop exercise, to provide assurances that the remaining assets were not materiality misstated due to the pandemic.

Britain leaving the European Union

Uncertainty around the implementation of the 2016 Brexit referendum result caused volatility in asset prices and bond yields over the last few years. The United Kingdom left the European Union on 31 January 2020, and the transition period ended on 31 December 2020. Whilst the Trade and Co-Operation Agreement (TCA) between the United Kingdom and European Union allows tariff and quota-free trade between countries, it does not cover services, which are a significant component of the United Kingdom's economy.

It is not possible to predict the impact of future Brexit developments with any degree of certainty, particularly against the backdrop of the Covid-19 pandemic, which is continuing to have a significant impact of global economic activity. There is a risk that future Brexit developments will cause further volatility in asset prices and bond yields. However, pronouncements from the US Federal Reserve on the future direction of US interest rates and global developments with respect to the Covid-19 pandemic, together with global politics in general, have the potential to cause similar levels of volatility in asset prices and bond yields and to materially impact future actuarial assumptions. The Council has engaged Hymans Robertson LLP as its Consulting Actuary to provide expert advice about the assumptions to be applied. The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis and are considered below.

Defined Benefit Pension Scheme Liabilities

Estimation of the net liability to pay pensions depends on several complex judgements relating to: the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Hymans Robertson LLP as its Consulting Actuary to provide expert advice about the assumptions to be applied.

The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis. Variations in the key assumptions will have the following impact on the net liability:

- A 0.5% decrease in the real discount rate will increase the net pension liability by £333.317m (10% increase in liability).

- A 0.5% increase in the assumed level of pension increases will increase the net pension liability by £295.435m (9% increase in liability).
- A 0.5% increase in the assumed level of salary increases will increase the net pension liability by £30.948m (1% increase in liability).

Impact of McCloud Judgement
When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018, the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The UK Government requested leave to appeal to the Supreme Court, but this was denied at the end of June 2019. In July 2019, the Chief Secretary to the Treasury confirmed that the principles of the outcome would be accepted as applying to all public service schemes.

The Government has consulted on its proposed remedy for the LGPS, which involves the extension of the current underpin protection to all members who meet the criteria for protection, regardless of their age in 2012. It is proposed that underpin protection will apply where a member leaves with either a deferred or an immediate entitlement to a pension. The underpin would give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligible period of service. The protection is expected to be extended to qualifying members who have left the scheme since April 2014, as well as to active members. The remedy is expected to result in a retrospective increase in benefits for some members, which in turn would give rise to a past service cost for the Fund’s employers. The Government’s response to the consultation and confirmation of the remedy is still awaited.

In addition, HM Treasury confirmed in February 2021 that it was ‘un-pausing’ the cost cap valuations which will take into account the cost of implementing the McCloud remedy.

Quantifying the impact of the McCloud judgement at this stage is very difficult because it will depend on the compensation awarded, members’ future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases, in particular, can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

The Fund's Actuary made no estimated allowance for the McCloud judgement in its 2019 actuarial valuation, following instruction from the LGPS Scheme Advisory Board to value liabilities in the 31 March 2019 funding valuations in line with the current LGPS Regulations benefit structure, but made an adjustment to its 2019-20 accounting roll-forward calculation. This adjustment estimated the liabilities for McCloud at 31 March 2020 from the 2019 valuation data, to ensure that the impact continued to be included within the Council's balance sheet at 31 March 2020 (in line with the 2019 accounting approach). The impact of this adjustment was included with other remeasurement of the net pension liability in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019. At 31 March 2020, the Fund's Actuary adjusted GAD's estimate to better reflect the Derbyshire Pension Fund's (Fund) local assumptions, particularly salary increases and withdrawal rates. The revised estimate, as it applied to the Fund, was that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be around 0.5% higher as at 31 March 2020, an increase of for the Council of approximately £12.8m.

At 31 March 2021, the Fund's Actuary has made no explicit additional adjustment for McCloud and has not added to the current service cost for 2020-21, or the projected service cost for 2021-22. However, the previous allowance within the balance sheet at 31 March 2020 has been rolled forward and therefore is included within the closing position at 31 March 2021.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

Indexation and equalisation of Guaranteed Minimum Pensions (GMP)
Guaranteed Minimum Pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. Thereafter the Government's preferred approach is to convert GMP to scheme pension. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The impact on Fund and employer liability values will depend on how many members reaching State Pension Age after 2016 have GMP benefits. For the 2019 valuation, given the Government's preference for conversion to scheme benefits, the Fund Actuary has assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers (known as a full GMP indexation allowance). The rolled forward position to 31 March 2021 therefore includes this allowance.

In 2020-21 the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990, to check if any additional value is due as a result of GMP equalisation. The judgment helps to clarify the position for members who transferred in GMPs from other schemes. It adds a further category of members whose position must be resolved. The Fund's Actuary is of the view that, in general, the historic individual member data required to assess such an impact, at employer level, is not readily available, although it understands that this further ruling is unlikely to be significant in terms of its impact on the pension obligations of a typical employer. As a result, the Fund Actuary has not made any allowance for the ruling on individual transfers in respect of GMP equalisation within its rolled forward position to 31 March 2021.

Financial Instruments Fair Value Estimates
The fair value of the Council's Lender Option Borrower Option (LOBO) loan and other long-term loans of £22.006m (£15.000m nominal) has been determined incorporating option pricing from Bloomberg. The fair value of all short-term investments (under one year) has been assumed to be their nominal value.

The impact of a 1% interest rate rise on the fair value of the Council's borrowing and investments at 31 March 2021 is a reduction of £41.238m in the net financial liability.

A loss allowance for financial assets has been recognised based on the gross value of trade debtors, excluding Central Government and other local authority debtors, which are more than 30 days past due and which have been, or are expected to be, referred for review, either by the Council's Legal Services department or under the Care Act (2014). A non-recovery rate based on the historical success rate of recovering such debt, once referred, along with a factor to reflect the prevailing economic conditions, is applied to the gross value of referred debt to determine the amount of the loss allowance. The factor for current market conditions was derived by comparing the expected default rate for 2021 with the historic default rate based on information collated by rating agency Moody's. Although macroeconomic conditions are forecast to improve in 2021 compared to 2020, it is still anticipated that the Covid-19 pandemic will continue to have effects on the economy, with the potential to impact on the Council's ability to recover debt. A 1% decrease in the factor for current economic conditions would reduce the allowance for credit losses by £0.030m. A 1% decrease in the expected non-recovery rate would reduce the allowance for credit losses by £0.081m.

Business Rates

Calculations of the Council's business rates collection fund adjustments, involving estimates in relation to business rates arrears, allowance for doubtful debts, business rates overpayments and prepayments and provisions for appeals, have been subject to a greater degree of estimation in 2019-20 and 2020-21 than in other years, as some of Derbyshire's district and borough councils were delayed in completing their estimation processes because of issues caused by the Covid-19 pandemic. Where business rates 2020-21 returns were not received in time, a combination of 2019-20 year-end and preliminary 2021-22 initial returns, finalised in January 2021, have been used to estimate the business rates collection fund adjustment. The business rates collection fund adjustment in the Council's accounts for 2020-21 is £8.389m, a 20% change in the estimated net position could increase the Council's financial liability by approximately £1.678m.

Local authorities are liable for an element of any successful appeal against business rates charged to businesses in 2020-21 and earlier years. The billing authorities make provisions to recognise their best estimate of the amount that businesses have been overcharged, for which the Council's proportionate share, approximately £3.009m, incorporating some of the estimates made above, has been reflected through the business rates collection fund adjustment account.

Waste Recycling Credits

The Resource Recovery Solutions (Derbyshire) Ltd (RRS) quarter four/part quarter three waste contract creditor, in respect of recycling credits, is £1.742m. This is based on tonnages from previous periods, which have been reasonably consistent throughout the year. Under/over estimation of recycling credits tonnages could result in a variation of +/-5% (£0.087m).

Commercial Waste Recharges
The District and Borough councils' quarter four/part quarter three waste contract debtor, in respect of commercial waste recharges, is £0.746m. The estimates are based on tonnages from previous periods, taking into account an increase in waste because of Covid-19. Under/over estimation of commercial waste tonnages could result in a variation of +/-5% (£0.037m).

6. OTHER OPERATING EXPENDITURE

2019-20		2020-21
£m		£m
(1.051)	Trading Operations	(0.823)
0.335	Levies and Precepts	0.339
175.383	Loss on Disposal of Non-Current Assets	147.295
0.003	Other Income and Expenditure	(0.001)
174.670		**146.810**

The surplus for the year from commercial trading operations was achieved with a gross expenditure of £0.763m (2019-20: £0.589m) offset against income of £1.586m (2019-20: £1.640m).
Loss on disposal of non-current assets has reduced significantly in 2020-21 and the main reason for this is a decrease in the number of schools that converted to academies during the year (2020-21, 15; 2019-20, 21).

Movements on non-current assets, including disposals, are shown in Note 14.

7. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2019-20		2020-21
£m		£m
18.420	Interest Payable	17.858
(2.355)	Interest Receivable	(3.426)
(3.574)	Dividends Receivable	(2.720)
8.352	Financial Asset Fair Value Losses/(Gains)	(6.386)
4.000	Financial Asset Impairment Losses/(Gains)	(0.062)
23.042	Net Pension Costs	16.437
47.885		**21.701**

Movements in the fair value of the Council's investments in pooled investment funds were included in Financing and Investment Income and Expenditure (FIIE) in 2018-19 for the first time. These funds have been recognised and measured at Fair Value through Profit or Loss (FVPL) in accordance with IFRS 9 Financial Instruments. However, any gains or losses have been reversed out to the Financial Instruments Adjustment Account as required by the statutory temporary override that The Ministry of Housing, Communities and Local Government (MHCLG) has issued. The override is effective for financial years 2018-19 to 2022-23.

Gains and losses relating to the impairment of financial assets were included in 2018-19 for the first time. This is in line with the latest CIPFA guidance which considers that conceptually debtors are now a credit facility. Therefore, impairment losses from bad debts, gains or losses on the impairment of debt, or impairment of other investments held at amortised cost are a loss of principal and recognition in FIIE is therefore the default treatment.

Interest payable has been itemised in the table below.

2019-20 £m		2020-21 £m
13.791	Interest Payable on Capital Borrowing	13.630
3.384	Interest Payable on PFI	3.187
0.572	Interest Payable on Finance Leases	0.546
0.673	Interest Payable on Other Items	0.495
18.420		**17.858**

Interest receivable has been itemised in the table below.

2019-20 £m		2020-21 £m
(2.182)	Interest Receivable on Investments	(3.409)
(0.009)	Interest Receivable on Transferred Debt	(0.004)
(0.008)	Interest Receivable on Finance Leases	(0.008)
(0.010)	Interest Receivable on Cash & Bank Balances	(0.002)
(0.146)	Interest Receivable on Other Items	(0.003)
(2.355)		**(3.426)**

8. TAXATION AND NON-SPECIFIC GRANT INCOME

2019-20 £m		2020-21 £m
(329.760)	Council Tax	(336.089)
(13.517)	Revenue Support Grant	(13.738)
(23.735)	Business Rates	(15.315)
(93.370)	Business Rates Top-up	(94.892)
(7.603)	Business Rates Relief Grant	(7.185)
(10.504)	Private Finance Initiative Grant	(10.504)
(2.098)	New Homes Bonus	(2.326)
(46.745)	Other General Revenue Grants	(113.848)
(31.783)	Capital Grants	(106.093)
(559.115)		**(699.990)**

9. EXPENDITURE AND FUNDING ANALYSIS

2019-20				2020-21		
Expenditure/ (Income) chargeable to General Reserve Balance £m	**Adjustments between funding and Accounting Basis £m**	**Net Expenditure in the CIES £m**		**Expenditure/ (Income) chargeable to General Reserve Balance £m**	**Adjustments between funding and Accounting Basis £m**	**Net Expenditure in the CIES £m**
262.021	(16.510)	278.531	Adult Care	276.393	(16.733)	293.126
(2.895)	(7.543)	4.648	Corporate Services	9.830	(4.985)	14.815
5.704	(0.475)	6.179	Clean Growth and Regeneration	1.022	(0.942)	1.964
4.328	(1.569)	5.897	Health and Communities	0.849	(1.130)	1.979
88.928	(17.984)	106.912	Highways, Transport and Infrastructure	91.412	(18.229)	109.641
6.218	(6.219)	12.437	Strategic Leadership, Culture and Tourism	9.769	(2.133)	11.902
149.732	(74.856)	224.588	Young People	139.116	(54.858)	193.974
514.036	**(125.156)**	**639.192**	**Net Cost of Services**	**528.391**	**(99.010)**	**627.401**
(0.713)	(175.383)	174.670	Other operating expenditure	(0.485)	(147.295)	146.810
26.264	(21.621)	47.885	Financing and investment income and expenditure	26.627	4.926	21.701
(528.561)	30.554	(559.115)	Taxation and non-specific grant income and expenditure	(578.650)	121.340	(699.990)
11.026	**(291.606)**	**302.632**	**Deficit/(Surplus) on Provision of Services**	**(24.117)**	**(120.039)**	**95.922**
64.573			**Opening General Reserve Balance at 1 April**	**53.547**		
(11.026)			Add/(less) Surplus/(Deficit) on General Reserve	24.117		
53.547			**Closing General Reserve Balance at 31 March**	**77.664**		

Note to the Expenditure and Funding Analysis

2019-20					2020-21			
Adjustments for capital purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments		Adjustments for capital purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
£m	£m	£m	£m		£m	£m	£m	£m
(3.687)	(12.823)	0.000	(16.510)	Adult Care	(6.819)	(9.914)	0.000	(16.733)
(6.824)	(0.719)	0.000	(7.543)	Corporate Services	(4.762)	(0.223)	0.000	(4.985)
(0.019)	(0.456)	0.000	(0.475)	Clean Growth and Regeneration	(0.885)	(0.057)	0.000	(0.942)
(0.009)	(1.560)	0.000	(1.569)	Health and Communities	(0.007)	(1.123)	0.000	(1.130)
(14.032)	(3.952)	0.000	(17.984)	Highways, Transport and Infrastructure	(15.585)	(2.644)	0.000	(18.229)
(1.414)	(4.805)	0.000	(6.219)	Strategic Leadership, Culture and Tourism	(1.013)	(1.120)	0.000	(2.133)
(28.669)	(46.187)	0.000	(74.856)	Young People	(35.957)	(18.901)	0.000	(54.858)
(54.654)	**(70.502)**	**0.000**	**(125.156)**	**Net Cost of Services**	**(65.028)**	**(33.982)**	**0.000**	**(99.010)**
(175.383)	0.000	0.000	(175.383)	Other Operating Expenditure	(147.295)	0.000	0.000	(147.295)
(12.374)	0.000	(9.247)	(21.621)	Financing and investment income and expenditure	(1.714)	0.000	6.640	4.926
31.783	0.000	(1.229)	30.554	Taxation and non-specific grant income and expenditure	106.093	0.000	15.247	121.340
(210.628)	**(70.502)**	**(10.476)**	**(291.606)**	**Deficit on Provision of Services**	**(107.944)**	**(33.982)**	**21.887**	**(120.039)**

a - Adjustments for Capital Funding and Expenditure Purposes

Adjustment to General Reserve Balance to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the service lines and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants in the year without conditions or for which conditions were satisfied in the year.

b - Net change for the removal of pension contributions and the addition of pension IAS19 related expenditure and income

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs.
- For Financing and Investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.

c - Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to General Reserve for the timing differences for premiums and discounts and gains/losses on pooled funds measured at FVPL.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the district/borough council Collection Funds. It also represents the movement in the Earmarked Reserve balances.

10. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2019-20 £m	2020-21 £m
Expenditure		
Employee expenses	602.551	560.698
Premises	29.210	29.626
Transport	29.259	27.620
Supplies and services	564.348	638.215
Capital depreciation, amortisation, impairment	77.899	80.597
Interest payments, loan modification, financial asset impairment and fair value changes	53.813	27.846
Precepts and levies	0.335	0.339
Trading operations	(1.051)	(0.823)
Loss on disposal of assets	175.383	147.295
Total Expenditure	**1,531.747**	**1,511.413**
Income		
Fees, charges and other service income	(193.052)	(191.667)
Interest and investment income	(5.929)	(6.146)
Income from Council Tax, business rates	(446.866)	(446.296)
Business rates relief grant	(7.603)	(7.185)
Government grants and contributions	(575.665)	(764.197)
Total Income	**(1,229.115)**	**(1,415.491)**
Deficit on the Provision of Services	**(302.632)**	**(95.922)**

11. AGENCY ARRANGEMENTS

The Council makes payments for Funded Nursing Care to providers on behalf of the Clinical Commissioning Groups (CCGs). The cost of administering the service is fully funded by the CCGs.

2019-20 £m		2020-21 £m
9.487	Payments to Nursing Care Providers	4.981
(9.947)	Recharge to CCGs	(4.020)
(0.091)	Admin Charge to CCGs	(0.038)
(0.551)		**0.923**

12. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

County Council Controlled Companies
MEGZ Limited is a private company limited by 9,251 ordinary shares, all of which are held by the Council. There are three directors of the company who are Members of the Council; all have been appointed by the Council. There were no transactions with the company during the financial year.

The Derbyshire Environmental Trust Limited is a company limited by guarantee with no share capital. Income transactions with this organisation in the year totalled £0.075m. There were no expenditure transactions during the year.

The Creswell Heritage Trust is a company limited by guarantee with no share capital. The company secretary, formerly a director, of the Trust is a Member who was appointed by the Council. Income transactions with this organisation in the year totalled £0.002m and expenditure transactions totalled £0.004m.

Scape Group Limited is a private limited company. The Council holds 75,000 of its £1 ordinary shares (17% share). The Council has one director on the company board who is an elected Member of the Council and was appointed by the Council. During 2020-21 the Council received no dividends from Scape Group Limited.

Derbyshire Developments Limited was a private company limited by one ordinary share of £1. There were three directors all appointed by the Council. The Council provided a start-up loan to the company to cover running costs such as staffing, accommodation, IT and audit, up until the point where income would recover these fixed costs of being “in business”. As part of recent plans to transform the delivery model of its property and estates management functions, the Council approved the wind-up of the company on 16 March 2020, at which time the balance on the loan to Derbyshire Developments Limited was £0.528m. This loan was written off and the company’s remaining assets of £0.013m in cash were recovered by the Council. Interest of £0.028m accrued to the balance of the loan, during 2019-20, at a rate of base plus 5%.

Derbyshire Learning and Community Partnerships Ltd is a private company limited by 16,000 ordinary shares, all of which are held by the Council. The Council has one director on the company board. There were no transactions with the company during the financial year.

Joint Venture Companies
Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies in which the Council has a 49% stake, with the aim of providing cleaning and caretaking services and property design and consultancy, respectively. 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 with two directors on the board of each company. 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. During 2020-21, income of £0.206m was receivable from VDL, of which £0.066m was outstanding at 31 March 2021 (CDL, nil); expenditure of £7.484m was payable to VDL and £1.261m was payable to CDL, there were no outstanding balances at the year end.

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. There were no transactions with the company during the financial year.

Derbyco Project SPV Limited is a dormant private limited company with an issued share capital of 100 £0.01 ordinary shares, which was formed in respect of the treatment and disposal of non-hazardous waste. The shareholding is split 50/50 between the Council and Derby City Council. The Council has one director on the company board. There were no transactions with the company during the financial year.

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other organisations. Grants received from Government departments are set out in the subjective analysis in Note 10. Grant receipts are also disclosed in Note 8 and Note 39.

Typical transactions with Central Government bodies include, but are not restricted to, investments, Pay As You Earn and National Insurance contributions paid and pension contributions paid. Income transactions in the year, excluding grants, totalled £14.561m, of these, £14.530m were with academy schools. Expenditure transactions totalled £193.358m and included the following significant transactions:

Inland Revenue	£99.190m
Teachers' Pensions	£43.393m
Public Works Loan Board	£16.361m

Other Local Authorities - typical transactions include, but are not restricted to, investments, borrowing, repayment of transferred debt, re-imbursement of joint project costs and supplies of goods and services. Income transactions totalled £29.943m and included significant transactions with Derby City Council totalling £17.396m. Expenditure transactions totalled £35.701m excluding short term lending and repayment of borrowing with other local authorities.

Health Bodies - typical transactions include, but are not restricted to, re-imbursement of joint project costs and supplies of goods and services. Income transactions with health bodies in the year totalled £93.919m and included significant transactions with NHS Derby and Derbyshire CCG of £89.414m. Expenditure transactions totalled £27.976m and included transactions with Derbyshire Community Health Services NHS Foundation Trust of £24.509m.

Members and Senior Officers - Council Members and Senior Officers have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2020-21 is shown in Note 32. Income transactions in which Members and/or Senior Officers had an interest totalled £94.846m, of which £89.414m is in respect of NHS Derby and Derbyshire CCG, which has the Council's Director of Public Health on its Governing Body as a local authority representative. During 2020-21 works and services to the value of £10.612m, of which £7.484m is in respect of VDL, were commissioned from companies in which Members and/or Senior Officers had an interest on behalf of the Council. There were no material outstanding balances at year end. Contracts were entered into in full compliance with the Council's Standing Orders.

During 2020-21 a Member was serving as Derbyshire's Deputy Police and Crime Commissioner, four Members served as Council appointed members of the Peak District National Park Authority, one Member served as the Council's representative to Belper Leisure Centre Limited, a charitable company limited by guarantee, and one Member served as a Director on the D2N2 LEP, which is a company limited by guarantee.

Derbyshire Pension Fund - the Council is the administering authority for the purposes of the Derbyshire Pension Fund (the Fund) under the Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2020-21 are charges from the Council of £2.888m (2019-20, £2.510m) for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for management of the Fund’s in-house investments. At 31 March 2021 the Fund owed the Council £4.169m (31 March 2020, the Fund owed the Council £1.056m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members’ Allowances and Officers’ Remuneration are disclosed in Notes 32 and 33.

LGPS Central Limited - LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool, of which the Council, as the administering authority for the Fund, is one of the shareholders. On 9 October 2019 it was agreed that the Council’s Director of Finance & ICT, or their nominee, would represent the Council on the LGPS Central Shareholders’ Forum, with delegated authority to make decisions on any matters which require a decision by the shareholders of LGPS Central Limited. All decisions made by the Director of Finance & ICT or their nominee, using delegated powers, are reported to the next meeting of the Pensions and Investments Committee.

The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2021 (31 March 2020, £1.315m and £0.685m, respectively) and was owed interest of £0.031m on the loan to LGPSC on the same date (2020-21, £0.036m).

The Fund incurred costs of £0.013m associated with LGPSC’s Investment Grade Credit sub-fund in 2020-21 (2019-20, £0.004m), of which £0.005m was payable to LGPSC at 31 March 2021 (31 March 2020, £0.004m). The charge excludes fees paid to the underlying investment managers of £0.338m in 2020-21 (2019-20, £0.040m).

LGPSC also provided advisory management services in respect of the Fund’s Japanese Equities and Asia Pacific Ex-Japanese Equities in the year. The advisory management services mandate was terminated on 17 January 2021, resulting from changes to the Fund’s strategic asset allocation benchmark. The charge in respect of these services was £0.073m in 2020-21 (2019-20, £0.551m, which included the part year charges for mandates to manage the Fund’s UK Equity portfolio, terminated on 14 November 2019, and Emerging Market Equities portfolio, terminated on 15 June 2019), of which £nil was payable to LGPSC at 31 March 2021 (31 March 2020, £0.065m).

The Fund incurred £0.988m in respect of Governance, Operator Running and Product Development costs in connection with LGPSC in 2020-21 (2019-20, £0.813m), of which £0.226m was payable to LGPSC at 31 March 2021 (31 March 2020, £0.213m).

LGPSC leases office space from the Council. The lease commenced on 14 June 2018 and is for a duration of five years, with a break clause at 30 June 2021. The rental income received and receivable by the Council from LGPSC in 2020-21 amounted to £0.015m (2019-20, £0.014m). For the duration of the lease term, subsequent years' rentals will be subject to an annual increase of 2.8%.

D2N2 Local Enterprise Partnership (LEP) - the Council is the Accountable Body for the D2N2 LEP. In 2020-21 the Council received £27.413m from the D2N2 LEP, of which £27.323m was given as grants and £0.090m as non-grants. Works and services to the value of £0.115m were commissioned from the Council by the D2N2 LEP. There were no material outstanding balances at 31 March 2021.

13. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to align with the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

		Usable reserves					
Narrative	Note	General Reserve £m	Earmarked Revenue Reserves £m	Unapplied Capital Grants £m	Capital Receipts Reserve £m	Total Unusable Reserves £m	Total £m
BALANCE AT 31 MARCH 2020		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(567.601)**	**(899.250)**
Comprehensive Income & Expenditure		**95.920**	**0.000**	**0.000**	**0.000**	**336.147**	**432.067**
Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	14	(40.937)	0.000	0.000	0.000	40.937	0.000
Impairment of Non-Current Assets	14	(24.091)	0.000	0.000	0.000	24.091	0.000
Application of Capital Grants credited to the CIES	39	106.093	0.000	(106.093)	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(147.295)	0.000	0.000	(4.017)	151.312	0.000
Revenue Expenditure Funded from Capital Under Statute		(15.569)	0.000	0.000	0.000	15.569	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1.861)	0.000	0.000	0.000	1.861	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		(14.963)	0.000	0.000	0.000	14.963	0.000

Reversal of items relating to retirement benefits debited or credited to the CIES	48	(95.707)	0.000	0.000	0.000	95.707	0.000
Statutory provision for the financing of capital investment		13.849	0.000	0.000	0.000	(13.849)	0.000
Principal repayments of transferred debt		0.006	0.000	0.000	0.000	(0.006)	0.000
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	6.373	0.000	0.000	0.000	(6.373)	0.000
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.267	0.000	0.000	0.000	(0.267)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	63.586	0.000	0.000	0.000	(63.586)	0.000
Capital receipts from Finance Lease Debtors	45	0.000	0.000	0.000	(0.006)	0.006	0.000
Dedicated Schools Grant (DSG) closing deficit balance	38	(1.157)	0.000	0.000	0.000	1.157	0.000
Financing of capital expenditure	17	0.000	0.000	74.112	2.785	(76.897)	0.000
Adjustments between accounting basis and funding basis		**(151.406)**	**0.000**	**(31.981)**	**(1.238)**	**184.625**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	29	133.374	(133.374)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	(102.006)	102.006	0.000	0.000	0.000	0.000
Total movements		**(120.038)**	**(31.368)**	**(31.981)**	**(1.238)**	**184.625**	**0.000**
BALANCE AT 31 MARCH 2021		**(77.665)**	**(260.503)**	**(73.533)**	**(8.653)**	**(46.829)**	**(467.183)**

Narrative	Note	Usable reserves					
		General Reserve £m	Earmarked Revenue Reserves £m	Unapplied Capital Grants £m	Capital Receipts Reserve £m	Total Unusable Reserves £m	Total £m
BALANCE AT 31 MARCH 2019		**(64.570)**	**(233.445)**	**(56.285)**	**(12.433)**	**(485.429)**	**(852.162)**
Comprehensive Income & Expenditure		**302.632**	**0.000**	**0.000**	**0.000**	**(349.720)**	**(47.088)**
Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	14	(42.602)	0.000	0.000	0.000	42.602	0.000
Impairment of Non-Current Assets	14	(12.055)	0.000	0.000	0.000	12.055	0.000
Application of Capital Grants credited to the CIES	39	31.783	0.000	(31.783)	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(175.383)	0.000	0.000	(2.809)	178.192	0.000
Revenue Expenditure Funded from Capital Under Statute		(23.254)	0.000	0.000	0.000	23.254	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1.498	0.000	0.000	0.000	(1.498)	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		3.081	0.000	0.000	0.000	(3.081)	0.000

Reversal of items relating to retirement benefits debited or credited to the CIES	48	(132.696)	0.000	0.000	0.000	132.696	0.000
Statutory provision for the financing of capital investment		10.948	0.000	0.000	0.000	(10.948)	0.000
Principal repayments of transferred debt		(0.068)	0.000	0.000	0.000	0.068	0.000
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	(8.352)	0.000	0.000	0.000	8.352	0.000
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.244	0.000	0.000	0.000	(0.244)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	(1.139)	0.000	0.000	0.000	1.139	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	60.696	0.000	0.000	0.000	(60.696)	0.000
Capital receipts from Finance Lease Debtors	45	0.000	0.000	0.000	(0.007)	0.007	0.000
Financing of capital expenditure	17	0.000	0.000	46.516	7.834	(54.350)	0.000
Adjustments between accounting basis and funding basis		(287.299)	0.000	14.733	5.018	**267.548**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	29	58.564	(58.564)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	(62.874)	62.874	0.000	0.000	0.000	0.000
Total movements		**(291.609)**	**4.310**	**14.733**	**5.018**	**267.548**	**0.000**
BALANCE AT 31 MARCH 2020		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(567.601)**	**(899.250)**

14. PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment (PPE) assets in the Balance Sheet are shown at their carrying valuation, less accumulated depreciation charges. The table below shows the movement in PPE assets during the year:

	Note/ Statement	Land & Buildings £m	Vehicles, Plant & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant & Equipment £m
COST OR VALUATION								
At 1 April 2020		**1,349.334**	**69.169**	**451.001**	**4.502**	**9.420**	**70.337**	**1,953.763**
Additions		28.439	2.898	36.112	0.222	0.005	(28.489)	**39.187**
Disposals		(98.482)	(5.104)	0.000	(0.098)	(0.664)	0.000	**(104.348)**
Disposals derecognition		(1.398)	0.000	(20.578)	(0.074)	0.000	0.000	**(22.050)**
Revaluation Gains to RR*	CIES	28.468	0.000	0.000	0.000	6.170	0.000	**34.638**
Revaluation Losses to RR	CIES	(67.771)	0.000	0.000	0.000	(5.644)	0.000	**(73.415)**
Revaluation Losses to CIES		(15.723)	0.000	0.000	0.000	(7.681)	0.000	**(23.404)**
Transfer within PPE		(15.366)	(1.527)	0.000	0.089	16.804	0.000	**0.000**
Transfer to Held for Sale		0.000	0.000	0.000	0.000	(0.594)	0.000	**(0.594)**
At 31 March 2021		**1,207.501**	**65.436**	**466.535**	**4.641**	**17.816**	**41.848**	**1,803.777**
DEPRECIATION								
At 1 April 2020		**(36.572)**	**(55.225)**	**(108.758)**	**(0.033)**	**(0.281)**	**0.000**	**(200.869)**
Charge for year		(24.787)	(2.642)	(12.489)	(0.004)	(0.037)	0.000	**(39.959)**
Revaluations to RR	CIES	47.444	0.000	0.000	0.000	0.687	0.000	**48.131**
Impairment to CIES		(0.879)	0.000	0.000	(0.081)	0.000	0.000	**(0.960)**
Disposals		4.720	3.876	0.000	0.081	0.087	0.000	**8.764**
Disposals derecognition		0.152	0.000	4.041	0.000	0.000	0.000	**4.193**
Transfer within PPE		0.654	1.527	0.000	0.000	(2.181)	0.000	**0.000**
Transfer to Held for Sale		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2021		**(9.268)**	**(52.464)**	**(117.206)**	**(0.037)**	**(1.725)**	**0.000**	**(180.700)**
OPENING VALUE		1,312.762	13.944	342.243	4.469	9.139	70.337	1,752.894
CLOSING VALUE		**1,198.233**	**12.972**	**349.329**	**4.604**	**16.091**	**41.848**	**1,623.077**
NATURE OF ASSET HOLDING								
Purchased / Built		1,170.138	12.972	349.329	4.604	16.091	41.848	**1,594.982**
Finance Lease		6.926	0.000	0.000	0.000	0.000	0.000	**6.926**
Private Finance Initiative		21.169	0.000	0.000	0.000	0.000	0.000	**21.169**
		1,198.233	**12.972**	**349.329**	**4.604**	**16.091**	**41.848**	**1,623.077**

*RR - Revaluation Reserve

The fair value measurement of the Council's Surplus Assets is analysed below, with net book value being categorised as fair value Level 1, Level 2 or Level 3. Refer to Note 21 for more information about these Levels.

	Net Book Value (NBV)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Land	0.000	8.142	7.114	15.256
Buildings	0.000	0.263	0.572	0.835
	0.000	**8.405**	**7.686**	**16.091**

The 2019-20 position was:

	Note/ Statement	Land & Buildings £m	Vehicles, Plant & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant & Equipment £m
COST OR VALUATION								
At 1 April 2019		**1,482.536**	**69.523**	**442.002**	**4.473**	**10.456**	**42.736**	**2,051.726**
Additions		21.401	5.412	20.792	0.041	0.000	27.601	**75.247**
Disposals		(138.623)	(5.826)	0.000	0.000	(1.021)	0.000	**(145.470)**
Disposals derecognition		(32.671)	0.000	(11.793)	(0.029)	0.000	0.000	**(44.493)**
Revaluation Gains to RR*	CIES	60.164	0.000	0.000	0.000	1.219	0.000	**61.383**
Revaluation Losses to RR	CIES	(32.365)	0.000	0.000	0.000	(0.500)	0.000	**(32.865)**
Revaluation Losses to CIES		(11.468)	0.000	0.000	0.000	(0.011)	0.000	**(11.479)**
Transfer within PPE		0.827	0.060	0.000	0.017	(0.904)	0.000	**0.000**
Transfer to Held for Sale		(0.467)	0.000	0.000	0.000	0.181	0.000	**(0.286)**
At 31 March 2020		**1,349.334**	**69.169**	**451.001**	**4.502**	**9.420**	**70.337**	**1,953.763**
DEPRECIATION								
At 1 April 2019		**(33.857)**	**(58.806)**	**(98.621)**	**(0.029)**	**(0.353)**	**0.000**	**(191.666)**
Charge for year		(27.632)	(2.146)	(12.016)	(0.004)	(0.045)	0.000	**(41.843)**
Revaluations to RR	CIES	20.457	0.000	0.000	0.000	0.077	0.000	**20.534**
Impairment to CIES		(0.240)	0.000	0.000	0.000	0.000	0.000	**(0.240)**
Disposals		3.643	5.787	0.000	0.000	0.031	0.000	**9.461**
Disposals derecognition		1.019	0.000	1.879	0.000	0.000	0.000	**2.898**
Transfer within PPE		0.038	(0.060)	0.000	0.000	0.022	0.000	**0.000**
Transfer to Held for Sale		0.000	0.000	0.000	0.000	(0.013)	0.000	**(0.013)**
At 31 March 2020		**(36.572)**	**(55.225)**	**(108.758)**	**(0.033)**	**(0.281)**	**0.000**	**(200.869)**
OPENING VALUE		1,448.679	10.717	343.381	4.444	10.103	42.736	1,860.060
CLOSING VALUE		**1,312.762**	**13.944**	**342.243**	**4.469**	**9.139**	**70.337**	**1,752.894**
NATURE OF ASSET HOLDING								
Purchased / Built		1,280.055	13.944	342.243	4.469	9.139	70.337	**1,720.187**
Finance Lease		10.839	0.000	0.000	0.000	0.000	0.000	**10.839**
Private Finance Initiative		21.868	0.000	0.000	0.000	0.000	0.000	**21.868**
		1,312.762	**13.944**	**342.243**	**4.469**	**9.139**	**70.337**	**1,752.894**

*RR - Revaluation Reserve

Under IFRS13, the Council is required to provide a summary of the fair value measurement for Surplus Assets. The 2018-19 position was:

	Net Book Value (NBV)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Land	0.000	1.179	6.959	8.138
Buildings	0.000	0.412	0.589	1.001
	0.000	**1.591**	**7.548**	**9.139**

A summary of the Council's Property, Plant and Equipment, Heritage Assets, Intangible Assets and Assets Held For Sale is included below, giving information as to the proportion of the closing value at 31 March 2021 which relates to assets held at historic cost and the proportion which relates to assets which have been revalued, and if so, the year of that revaluation under the Council's five year rolling programme of physical revaluation. In addition to this physical formal revaluation programme, school assets are revalued each year based on a desk top review. The value of schools revalued in this way in 2021 is £582.817m.

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equipment	Heritage Assets Note 15	Intangible Assets Note 18	Assets Held For Sale Note 19	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
VALUATION											
At 31 March 2020	287.499	0.000	0.000	0.000	16.091	0.000	303.590	0.822	0.000	2.896	307.308
At 31 March 2019	215.864	0.000	0.000	0.000	0.000	0.000	215.864	1.886	0.000	0.000	217.750
At 31 March 2018	262.793	0.000	0.000	0.000	0.000	0.000	262.793	0.069	0.000	0.000	262.862
At 31 March 2017	264.678	0.000	0.000	0.000	0.000	0.000	264.678	38.634	0.000	0.000	303.312
At 31 March 2016	167.399	0.000	0.000	0.000	0.000	0.000	167.399	0.000	0.000	0.000	167.399
	1,198.233	**0.000**	**0.000**	**0.000**	**16.091**	**0.000**	**1,214.324**	**41.411**	**0.000**	**2.896**	**1,258.631**
HISTORIC COST	**0.000**	**12.972**	**349.329**	**4.604**	**0.000**	**41.848**	**408.753**	**6.461**	**1.160**	**0.000**	**416.374**
CLOSING VALUE											
At 31 March 2021	**1,198.233**	**12.972**	**349.329**	**4.604**	**16.091**	**41.848**	**1,623.077**	**47.872**	**1.160**	**2.896**	**1,675.005**

15. NATURE AND SCALE OF HERITAGE ASSETS

The table below shows the movement in Heritage Assets during the year:

	Monuments, Statues and Historic Buildings	County Buildings	Archives and Local Studies Collection	Museum Collection and Artefacts	Heritage Assets
	£m	£m	£m	£m	£m
COST OR VALUATION					
At 1 April 2020	**40.389**	**0.312**	**5.250**	**3.619**	**49.570**
Additions	36.305	0.000	0.000	0.000	**36.305**
Disposals	(35.984)	(0.258)	(0.813)	(1.060)	**(38.115)**
Revaluations	0.000	0.004	0.000	0.218	**0.222**
Transfers within Heritage Assets	0.000	0.000	(0.187)	0.187	**0.000**
Derecognition	(0.110)	0.000	0.000	0.000	**(0.110)**
At 31 March 2021	**40.600**	**0.058**	**4.250**	**2.964**	**47.872**
DEPRECIATION					
At 1 April 2020	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
At 31 March 2021	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
OPENING VALUE	40.389	0.312	5.250	3.619	49.570
CLOSING VALUE	**40.600**	**0.058**	**4.250**	**2.964**	**47.872**
NATURE OF ASSET HOLDING					
Purchased / Built	40.600	0.058	4.250	2.039	46.947
Donated	0.000	0.000	0.000	0.925	0.925
	40.600	**0.058**	**4.250**	**2.964**	**47.872**

The Council's Heritage Assets are categorised as follows:

Monuments, Statues and Historic Buildings - the council owns various historic buildings, the most significant of which is Elvaston Castle, which was designed by James Wyatt, in the gothic revival style, in the early 1800s. The castle is situated in approximately 321 acres of open parkland, woodland and historical gardens.

County Buildings – various heritage assets are held at County Buildings. These include pieces of silverware from the former Judges' lodgings and railway nameplates.

Archives and Local Studies Collection – this collection is proportioned approximately 80% archives and 20% local studies. A large photographic collection is held at the Modern Records Office. Also held are records of the magistrates' court, county court, coroner's court, hospitals and NHS Trust. This is Derbyshire's only place of deposit.

Museum Collection and Artefacts - the permanent galleries at Buxton Museum showcase the core collections, covering Peak District archaeology, geology, art and local history. There is a recreated study of the work of archaeologist Sir William Boyd Dawkins, together with a fine art collection of mostly 19th and 20th century works in watercolours, oils and prints, including works by Brangwyn, Chagall, Chahine and their contemporaries. Also held at the museum is a mineral collection including Blue John, local specimens and cave deposits.

The 2019-20 position was:

	Monuments, Statues and Historic Buildings	County Buildings	Archives and Local Studies Collection	Museum Collection and Artefacts	Heritage Assets
	£m	£m	£m	£m	£m
COST OR VALUATION					
At 1 April 2019	**40.028**	**0.304**	**6.050**	**3.919**	**50.301**
Additions	0.723	0.000	0.000	0.000	**0.723**
Disposals	0.000	0.000	0.000	0.000	**0.000**
Impairment losses/(reversals) through I&E	(0.336)	0.000	0.000	0.000	**(0.336)**
Revaluations	0.003	0.008	(0.800)	(0.300)	**(1.089)**
Derecognition	(0.029)	0.000	0.000	0.000	**(0.029)**
At 31 March 2020	**40.389**	**0.312**	**5.250**	**3.619**	**49.570**
DEPRECIATION					
At 1 April 2019	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
At 31 March 2020	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
OPENING VALUE	40.028	0.304	6.050	3.919	50.301
CLOSING VALUE	**40.389**	**0.312**	**5.250**	**3.619**	**49.570**
NATURE OF ASSET HOLDING					
Purchased / Built	40.389	0.312	5.250	2.181	48.132
Donated	0.000	0.000	0.000	1.438	1.438
	40.389	**0.312**	**5.250**	**3.619**	**49.570**

16. HERITAGE ASSETS NOT REPORTABLE IN THE BALANCE SHEET

Where the Council is unable to place a reliable fair value on Heritage Assets because of their nature, it is required to disclose them in accordance with the Code of Practice on Local Authority Accounting. Details of these Heritage Assets are set out below:

- Colliery Bridge, Shipley Country Park
- Paul’s Arm Bridge, Shipley Country Park
- Leawood River Aqueduct
- Northern Retaining Walls and Loading Bay, Cromford Wharf
- Side Walls and Curbs to Canal Basin, Cromford Wharf
- Railway Embankment and Road Bridge, Steeple Grange, Wirksworth
- Grindlow Tower, Solomon’s Temple, Poole's Cavern Country Park, Buxton

- Workshops, Offices and Terminus at Cromford and High Peak Junction
- Brittain Colliery Headstocks, Ripley
- Brittain Colliery Engine House, Ripley

17. CAPITAL EXPENDITURE AND CAPITAL FINANCING

Restated* 2019-20 £m		2020-21 £m
	Capital Expenditure	
18.490	Schools	13.500
1.355	Childrens Homes/Centres and Adult Education Centres	1.373
29.861	Roads and Highways Related	39.058
4.520	New Waste Treatment Facility (NWTF)	9.792
3.304	Purchase of Vehicles	0.969
1.610	Countryside	0.665
0.947	Chapel Culvert Structural Work	0.012
0.903	Other Environmental	0.529
0.115	Community Services	0.109
6.532	Specialist and Extra Care Centres	3.196
1.060	Homes for Older People	1.536
0.018	Day Centres	0.057
0.004	Other Social Care and Services	0.028
1.410	Information Technology Hardware and Network	1.193
0.299	Software	1.065
8.386	Buxton Crescent	0.717
0.409	Markham Vale	1.072
0.746	Other Corporate	0.743
0.025	Other	0.000
79.994	**Total Capital Additions**	**75.614**
23.255	Revenue Expenditure Funded from Capital Under Statute	15.448
103.249	**Total Capital Expenditure**	**91.062**
	Capital Financing	
48.900	Loans	14.359
7.833	Capital Receipts	2.591
46.516	Grants and Contributions	74.112
103.249	**Total Capital Financing**	**91.062**

*Restated 2019-20 to separately disclose Markham Vale.

2019-20 £m		2020-21 £m
487.215	**Opening Capital Financing Requirement (CFR)**	**525.169**
	Capital Investment	
75.973	Property, Plant and Equipment	75.295
0.039	Intangible Assets	0.198
23.255	Revenue Expenditure Funded from Capital under Statute	15.569
3.982	Loan Buxton Crescent	0.000
	Sources of Finance	
(7.833)	Capital Receipts	(2.591)
(46.515)	Government Grants and other Contributions	(74.112)
(10.947)	Statutory Minimum Revenue Provision	(13.849)
525.169	**Closing Capital Financing Requirement (CFR)**	**525.679**
37.954	**Movement in Year**	**0.510**
	Increase/(Decrease) in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	

18. INTANGIBLE ASSETS

Intangible assets relate to the purchase of software licences:

	2019-20 £m	2020-21 £m
COST OR VALUATION		
At 1st April	**8.781**	**8.602**
Additions	0.038	0.198
Disposals	(0.217)	0.000
At 31st March	**8.602**	**8.800**
DEPRECIATION		
At 1st April	**(6.532)**	**(7.073)**
Charge for year	(0.758)	(0.567)
Disposals	0.217	0.000
At 31st March	**(7.073)**	**(7.640)**
OPENING VALUE	2.249	1.529
CLOSING VALUE	**1.529**	**1.160**

19. ASSETS HELD FOR SALE

2019-20					2020-21			
Carrying Value			RR		Carrying Value			RR
GBV £m	Dpn £m	NBV £m	£m		GBV £m	Dpn £m	NBV £m	£m
2.173	**(0.220)**	**1.953**	**0.590**	**At 1 April**	**2.342**	**0.000**	**2.342**	**1.038**
(0.791)	0.056	(0.735)	(0.393)	Sales	0.000	0.000	0.000	0.000
0.286	0.013	0.299	0.016	Transfers	0.594	0.000	0.594	0.594
0.674	0.151	0.825	0.825	Other Movements	(0.040)	0.000	(0.040)	0.013
2.342	**0.000**	**2.342**	**1.038**	**At 31 March**	**2.896**	**0.000**	**2.896**	**1.645**

Assets must meet stringent criteria to be classified as Held for Sale rather than Surplus.

20. NON-CURRENT DEBTORS

31 Mar 2020 £m		Note	31 Mar 2021 £m
0.040	Transferred Debt	21	0.038
0.129	Other Long Term Debtors	21	0.204
0.169	**Total Non Current Debtors**		**0.242**

21. FINANCIAL INSTRUMENTS

Financial Assets comprise loans to other bodies, cash and short-term deposits, investments in equity funds and receivables.

Current Financial Assets

	Carrying Value		Fair Value	
	31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	31 Mar 2021 £m
Current Investments	81.805	161.148	81.805	161.148
Cash and Cash Equivalents	74.159	71.657	74.159	71.657
Trade Debtors	25.621	25.538	25.621	25.538
Current Financial Assets	**181.585**	**258.343**	**181.585**	**258.343**

Non-Current Financial Assets

	Note	Fair Value Level	Carrying Value 31 Mar 2020 £m	Carrying Value 31 Mar 2021 £m	Fair Value 31 Mar 2020 £m	Fair Value 31 Mar 2021 £m
Non-Current Transferred Debt	20	2	0.040	0.038	0.040	0.038
Pooled Investment Funds		1	59.892	66.264	59.892	66.264
Loan to Buxton Crescent Ltd		3	10.163	11.093	12.697	12.325
Loan to Chesterfield FC Community Trust		3	0.000	0.450	0.000	0.500
Other Non-Current Investments		2	15.877	44.500	15.151	44.853
Non-Current Trade Debtors	20	*	0.129	0.204	0.129	0.204
Non-Current Financial Assets			**86.101**	**122.549**	**87.909**	**124.184**

* Fair value disclosure not required

The Non-Current Investments balance includes the Council's holdings in pooled investment funds.

Financial Assets by Measurement Classification

	Carrying Value 31 Mar 2020 £m	Carrying Value 31 Mar 2021 £m	Fair Value 31 Mar 2020 £m	Fair Value 31 Mar 2021 £m
Amortised Costs	207.794	314.628	209.602	316.263
Fair Value through Profit or Loss	59.892	66.264	59.892	66.264
Total Financial Assets	**267.686**	**380.892**	**269.494**	**382.527**

At 31 March 2021 there was two non-current investments in the balance sheet with a carrying value in excess of £15.000m:

- CCLA Mutual Investment Trust Property Fund, with a carrying value equal to fair value at 31 March 2021 of £23.078m (original investment £25.000m). This investment is open ended but can be realised with 90 days' notice.
- Rotherham Metropolitan Borough Council, two loans with a combined carrying value at 31 March 2021 of £30.000m. These investments were made for a fixed term of two years and will mature on 31 October 2022.

Transferred Debt and Long-Term Trade Debtors are not quoted on active markets meaning that fair value cannot be accurately calculated. As such they have been reported at carrying value.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

The following financial assets are pooled investment funds which the Council has measured at FVPL. The Council's pooled investment funds are traded on active markets, for which the Council can access the measurement data. The fair values of these funds are determined by the closing bid prices at 31 March 2021. The fair values of the Council's deposits and the loans it has made are determined with reference to the principal, term, rate and timing of the interest and the borrower's credit rating. It is the Council's intention to hold these assets for the medium to long term to earn investment income and for capital appreciation.

Financial Assets measured at FVPL	Carrying Value		Fair Value	
	31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	31 Mar 2021 £m
Aegon* - Diversified Income Fund	8.519	10.127	8.519	10.127
CCLA - LA Property Fund	23.243	23.078	23.243	23.078
CCLA Diversified Income Fund	4.523	4.903	4.523	4.903
Investec Diversified Income Fund	8.905	9.790	8.905	9.790
M&G - Optimal Income Fund	4.435	4.963	4.435	4.963
M&G - Global Dividend Fund	3.990	5.684	3.990	5.684
Schroder - Income Maximiser Fund	6.277	7.719	6.277	7.719
Total	**59.892**	**66.264**	**59.892**	**66.264**

*Previously Kames

The Council holds 75,000 £1 ordinary shares (17% share) in the Local Authority controlled Scape Group (Ltd). The value of this holding is small and there are conditions on the shares that prevent them from being traded on the open market. The Council does not consider the value to be material and therefore no value is carried on the Council's Balance Sheet.

There have been no financial assets measured at FVPL which have been derecognised in the year ended 31 March 2021.

Dividend Income

Dividend income from the Council's investments in equity instruments and pooled investment funds has been recognised as follows:

	2019-20 £m	2020-21 £m
From Investments Derecognised	**0.000**	**0.000**
Aegon - Diversified Income Fund	0.500	0.431
CCLA - LA Property Fund	1.042	1.008
CCLA Diversified Income Fund	0.169	0.156
Investec Diversified Income Fund	0.440	0.366
M&G - Global Dividend Fund	0.169	0.170
M&G - Optimal Income Fund	0.136	0.112
Schroder - Income Maximiser Fund	0.717	0.477
Scape Group Limited shares	0.400	0.000
From Investments Held at Year End	**3.573**	**2.720**
Total Dividends Received	**3.573**	**2.720**

Financial Instrument Liabilities comprise loans and borrowings, PFI liabilities, finance lease liabilities and other liabilities at contract amounts.

Current Financial Liabilities

	Carrying Value		Fair Value	
	31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	31 Mar 2021 £m
Transferred Debt	(0.006)	(0.006)	(0.006)	(0.006)
Public Works Loan Board	(4.575)	0.000	(4.575)	0.000
Temporary Loans	(52.500)	(88.000)	(52.500)	(88.000)
Accrued Interest	(1.926)	(2.052)	(1.926)	(2.052)
Current Loans and Borrowing	**(59.007)**	**(90.058)**	**(59.007)**	**(90.058)**
Trade Creditors	(78.804)	(86.351)	(78.804)	(86.351)
PFI liability	(3.956)	(4.166)	(6.988)	(7.121)
Finance lease liability	(0.369)	(0.394)	(0.369)	(0.394)
Current Financial Liabilities	**(142.136)**	**(180.969)**	**(145.168)**	**(183.924)**

Non-Current Financial Liabilities

	Note	Fair Value Level	Carrying Value		Fair Value	
			31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	31 Mar 2021 £m
Transferred Debt		2	(0.155)	(0.149)	(0.155)	(0.149)
Public Works Loan Board		2	(226.847)	(228.013)	(347.472)	(346.332)
Other Long Term Loans		2	(15.563)	(15.554)	(21.985)	(22.006)
Non-Current Borrowing			**(242.565)**	**(243.716)**	**(369.612)**	**(368.487)**
PFI liability	27	3	(59.753)	(55.587)	(66.179)	(65.695)
Finance lease liability	27	*	(4.640)	(4.245)	(4.640)	(4.245)
Non-Current Financial Liabilities			**(306.958)**	**(303.548)**	**(440.431)**	**(438.427)**

* Fair value disclosure not required

Financial Liabilities by Measurement Classification

	Carrying Value		Fair Value	
	31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	31 Mar 2021 £m
Amortised Costs	(449.094)	(484.517)	(585.599)	(622.351)
Fair Value through Profit or Loss	0.000	0.000	0.000	0.000
Total Financial Liabilities	**(449.094)**	**(484.517)**	**(585.599)**	**(622.351)**

The Council has 49 loans with the Public Works Loan Board (PWLB) at 31 March 2021. The start date of the earliest of these PWLB loans was June 1997. This loan is for a period of 25 years. The most recent start date was November 2007, for a period of 30 years. During the year, one loan with the PWLB was repaid. The average loan rate across the loans is 4.50%. The average discount rate is 1.77%.

At 31 March 2021 the Council held one LOBO loan and two other long-term loans (Barclays waived their LOBO options in June 2016):

- £5.000m Dexia LOBO loan, commencing in August 2004, for 35 years, at a fixed rate of 4.5%. The fair value is £7.117m, using a discount rate of 1.816%.
- £5.000m Barclays loan commencing in October 2003, for 40 years, with an introductory rate of 3.2% for four years, then 4.875% thereafter. The carrying value of the loan at 31 March 2021 is £5.342m and the fair value is £7.610m, using a discount rate of 2.091%.
- £5.000m Barclays loan, commencing in February 2005, for 40 years, with an introductory interest rate of 3.7% for four years, then 4.5% thereafter. A discount of £0.103m applied at the commencement of the loan. The carrying value of the loan at 31 March 2021 is £5.211m and the fair value is £7.279m, using a discount rate of 2.090%.

PFI and Finance Lease Liabilities are not quoted on active markets. The discounted cash flow method has been used to calculate the fair value of PFI liabilities. Refer to Note 46 for further details. The average interest rate across the Council's 18 finance leases is 11.03%. Refer to Note 45 for further details.

Interest Income and Expenditure

The following income and expenditure have been recognised in the CIES in relation to interest on financial instruments:

	Income/(Expense)	
	2019-20 £m	2020-21 £m
Interest Income	2.356	3.426
Interest Expense	(18.420)	(17.858)
Net Interest Income/(Expense)	**(16.064)**	**(14.432)**

Financial Instrument Gains/Losses

The following gains and losses have been recognised in the CIES in relation to the carrying value of the Council's financial assets:

Financial Assets	Net (Losses)/Gains 2019-20 £m	Net (Losses)/Gains 2020-21 £m
Amortised Costs	(3.999)	0.062
Fair Value through Profit or Loss	(8.352)	6.386
FVOCI - Gains/Losses Recognised in Other Comprehensive Income	0.000	0.000
FVOCI - Accumulated Gains/Losses Reclassified to Surplus Deficit on Provision of Service	0.000	0.000
Total (Losses)/Gains	**(12.351)**	**6.448**

Losses arising from financial assets measured at amortised cost relate to impairment of these assets, including write-off of irrecoverable trade debt and movement in the allowances for loss due to default on these assets. The loan advances to Buxton Crescent Ltd (formerly Buxton Crescent Hotel and Thermal Spa Company Ltd) meet the definition of capital expenditure under statutory provisions, therefore the movement in the loss allowance for default provided for these advances has been reversed out to the Capital Adjustment Account.

Losses from financial assets measured at Fair Value through Profit or Loss (FVPL) relate to movements in the fair value of the Council's investments in pooled investment funds. These losses have been reversed out to the Financial Instruments Adjustment Account as required by the statutory temporary override MHCLG has issued. The override is effective for financial years 2018-19 to 2022-23.

There are no gains or losses from financial assets measured at Fair Value through Other Comprehensive Income (FVOCI).

The following losses arose on derecognition from Financial Assets measured at amortised cost.

	2019-20		2020-21	
	Gains £m	(Losses) £m	Gains £m	(Losses) £m
Loan to Buxton Crescent Ltd	0.000	0.000	0.000	(0.566)
Loan to Derbyshire Developments Ltd	0.000	(0.515)	0.000	0.000
Gains/(Losses) on Derecognition	**0.000**	**(0.515)**	**0.000**	**(0.566)**

The Buxton Crescent hotel was scheduled to open in Spring 2020. However, due to the impacts of the Covid-19 pandemic, this opening was delayed until Autumn 2020 and additional closures in line with Government guidance and reduced visitor numbers have not allowed the hotel to generate any significant revenues in 2020-21.

The Council has agreed to write-off the £0.566m of interest accruing on the loan to Buxton Crescent Limited, for the year ended 31 March 2021. This is in recognition of the fact that Buxton Crescent Limited's revenues were significantly lower than anticipated in 2020-21 because of the Covid-19 pandemic, which has impacted on its ability to afford interest payments on the loan. This has been funded by Covid-19 grant funding.

There have been no gains or losses recognised in the CIES in relation to the carrying value of the Council's financial liabilities.

Fee Income and Expenses

	Income/(Expense)	
	2019-20 £m	2020-21 £m
Fees From Instruments not at FVPL	(0.051)	(0.125)
Fees From Investing Activities on Behalf of Other Parties	0.028	0.030
Net Fee Income/(Expense)	**(0.023)**	**(0.095)**

The Council incurred £0.125m in brokerage fees to execute transactions relating to new loans the Council took out; all these loans had a term of one year or less. £0.030m of income was earned from banking and treasury management services provided to the Derbyshire Pension Fund and Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire.

Financial Instruments – Fair Values

Financial assets which do not give rise to cash flows which are solely payments of principal and interest, or where it is not the Council's intention to hold those assets to collect the contractual cash flows, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2021, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2021, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of the LOBO loan has been increased by the value of the embedded options, where a value exists. The lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. The Council's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that the lender will only exercise their option when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

22. INVENTORIES

	2019-20		2020-21	
	Highways	Other	Highways	Other
	£m	£m	£m	£m
1 April	**1.009**	**1.203**	**0.681**	**1.296**
Purchase of new stock	1.058	2.459	0.696	2.536
Stock issued	(1.386)	(2.357)	(0.944)	(2.651)
Stock written off	0.000	(0.009)	(0.024)	(0.002)
31 March	**0.681**	**1.296**	**0.409**	**1.179**
Total		**1.977**		**1.588**

23. CURRENT DEBTORS

The current debtor balance can be analysed into the following categories:

31 Mar 2020 £m		31 Mar 2021 £m
10.468	From Other Local Authorities	17.671
5.160	From NHS Bodies	4.223
9.842	From Government Departments	9.795
1.056	From DCC Pension Fund	4.169
47.091	From Other Sundry Debtors	44.595
73.617	**Total amount owed to the Council**	**80.453**
0.042	To Other Local Authorities	0.123
0.029	To Government Departments	0.092
7.610	To Other Sundry Debtors	5.692
7.681	**Total paid in advance by the Council**	**5.907**
81.298	**Total Current Debtors**	**86.360**
(5.165)	Less Allowance for Bad Debts	(4.196)
76.133	**Carrying Value of Current Debtors**	**82.164**

24. CASH AND CASH EQUIVALENTS

31 Mar 2020 £m		31 Mar 2021 £m
1.387	County Fund Bank Account Balance	21.522
1.387	**Cash Book for County Fund Account**	**21.522**
0.545	Schools Cash Income Account Balance	0.300
0.545	**Cash Book for Schools Cash Account**	**0.300**
1.932	**Total Cash Book Balance**	**21.822**
2.808	Amounts held by Bank Account Schools	3.139
0.512	Amounts held in Petty Cash Tins	0.324
0.390	Amounts held in Imprest Bank Accounts	0.392
0.000	Amounts held in Other Bank Accounts	(0.005)
5.642	**Total Cash Balance**	**25.672**
1.003	Bank instant-access deposit accounts	1.000
17.502	Money Market Funds	0.000
50.014	Short-term deposits	45.004
(0.002)	Cash investment loss allowance	(0.019)
74.159	**Total Cash and Cash Equivalents**	**71.657**

25. CREDITORS

The creditor balance can be analysed into the following categories:

31 Mar 2020 £m		31 Mar 2021 £m
(7.026)	To Other Local Authorities	(7.302)
(3.583)	To NHS Bodies	(3.297)
(18.357)	To Government Departments	(13.679)
0.000	To Inter-Group Organisations	0.000
(74.028)	To Other Sundry Creditors	(93.825)
(102.994)	**Amounts Owing by the Council**	**(118.103)**
(0.807)	From Other Local Authorities	(0.462)
(1.836)	From NHS Bodies	(4.685)
(32.081)	From Government Departments	(23.060)
(5.019)	From Other Sundry Creditors	(7.313)
(39.743)	**Income in Advance to the Council**	**(35.520)**
(142.737)	**Carrying Value of Creditors**	**(153.623)**

26. PROVISIONS

	Insurance Fund	Exit Packages	Other	Total
	£m	£m	£m	£m
1 April 2019	7.500	3.420	3.653	14.573
New Provisions	2.076	1.899	3.181	7.156
Utilisation of Provision	(2.366)	(3.478)	(3.356)	(9.200)
Reversal of Provision	0.000	0.000	(0.297)	(0.297)
1 April 2020	**7.210**	**1.841**	**3.181**	**12.232**
New Provisions	4.319	0.037	5.711	10.067
Utilisation of Provision	(2.409)	(0.944)	(3.097)	(6.450)
Reversal of Provision	0.000	(0.309)	(0.020)	(0.329)
31 March 2021	**9.120**	**0.625**	**5.775**	**15.520**

Provision for Exit Packages

Estimated costs associated with future voluntary redundancies include an element for schools. The provision has been created on a global estimation of the cuts required to achieve the savings targets. There is uncertainty around which employees will leave the Council and at what time, which will determine the true cost.

Cash outflows are expected to be £0.628m in 2021-22. There are expected to be no cash outflows in 2022-23 and 2023-24.

Insurance Fund Provision

The Insurance Fund meets the estimated 'excess' of the Council's insurance policies, with amounts held in either the insurance provision or the insurance reserve. The total Insurance Fund balance is £26.225m (31 March 2020: £27.295m). The provision of £9.120m represents obligations as at 31 March as a result of past claims. The reserve balance of £17.105m represents the Council's self-insurance risk premium.

Cash outflows are expected to average just over £2.000m each year for the next three to four years.

Other Provisions

At 31 March 2021 £4.284m was provided for a refund expected to be payable to the NHS for income recognised relating to Continuing Healthcare and £0.722m was provided for outstanding post-16 payments to colleges where the timing and amount of the payments is not yet known.

The timing of the cash outflows is not expected to be later than one year from 31 March 2021.

27. OTHER NON-CURRENT LIABILITIES

31 Mar 2020 £m		31 Mar 2021 £m
(651.283)	Pensions Liability - LGPS	(1,026.589)
(55.041)	Pensions Liability - Teachers	(57.592)
(14.782)	PFI Phase 1	(13.356)
(19.542)	PFI Phase 2	(18.241)
(25.430)	PFI - BSF	(23.990)
(2.887)	Finance Lease - Joint Service Centre	(2.822)
(1.753)	Finance Lease - Other Leases	(1.423)
(770.718)		**(1,144.013)**

Further information about the leases, PFI scheme and pension liabilities can be found in notes 45 to 48.

28. USABLE RESERVES

Usable reserves relate to cash backed reserves that are available to finance future services or capital expenditure. Below are details of the Council's usable reserves and their purpose:

- **General Reserve** – revenue reserves available for future service delivery.

- **Revenue Earmarked Reserves** – revenue reserves available for future service delivery, however future spending pressures have been identified for which they will be used.
- **Usable Capital Receipts** – proceeds from the sale of Property, Plant and Equipment assets which are available to finance future capital developments.
- **Capital Grants Unapplied** – unused grant receipts for capital developments.

Details of the Council's usable reserves can be found in the Movement in Reserves Statement and Notes 13 and 29.

29. TRANSFERS TO / FROM EARMARKED RESERVES

	1 Apr	Transfers		31 Mar	Transfers		31 Mar
	2019	In	Out	2020	In	Out	2021
	£m	£m	£m	£m	£m	£m	£m
Adult Care							
Older People's Housing Strategy	(22.676)	(7.324)	0.000	(30.000)	0.000	13.897	(16.103)
Telecare	0.000	0.000	0.000	0.000	(1.500)	0.000	(1.500)
Other reserves	(0.282)	(5.983)	2.412	(3.853)	(0.158)	3.972	(0.039)
Sub Total	**(22.958)**	**(13.307)**	**2.412**	**(33.853)**	**(1.658)**	**17.869**	**(17.642)**
Clean Growth and Regeneration							
Markham Environment Centre	(0.114)	0.000	0.000	(0.114)	0.000	0.000	(0.114)
Skills Training	(0.101)	0.000	0.009	(0.092)	(0.050)	0.031	(0.111)
D2 Growth Fund	(0.200)	0.000	0.000	(0.200)	0.000	0.100	(0.100)
Other reserves	(0.318)	(0.013)	0.041	(0.290)	(0.013)	0.008	(0.295)
Sub Total	**(0.733)**	**(0.013)**	**0.050**	**(0.696)**	**(0.063)**	**0.139**	**(0.620)**
Corporate Services							
Revenue Contributions to Capital	(17.081)	(11.703)	0.489	(28.295)	(18.901)	2.612	(44.584)
Loan Modification Gains	(28.440)	0.000	2.316	(26.124)	0.000	0.870	(25.254)
Insurance and Risk Management	(20.069)	(0.144)	0.128	(20.085)	(0.026)	3.006	(17.105)
Covid-19 Recovery Fund	0.000	0.000	0.000	0.000	(15.000)	0.000	(15.000)
Budget Management	(30.793)	(0.187)	14.549	(16.431)	(9.302)	13.816	(11.917)
Covid Emergency and SFC Losses Grants	0.000	0.000	0.000	0.000	(47.387)	36.139	(11.248)
Planned Building Maintenance	(6.283)	(1.008)	2.016	(5.275)	(2.148)	0.870	(6.553)
Business Rates Pool	(4.716)	0.000	0.044	(4.672)	(1.629)	0.000	(6.301)
Property Insurance Maintenance Pool	(2.837)	(1.552)	1.676	(2.713)	(1.509)	1.225	(2.997)
Prior Year Underspends	(0.521)	(4.035)	0.570	(3.986)	(2.009)	3.117	(2.878)
Computer Purchasing	(3.215)	(0.570)	0.957	(2.828)	(0.056)	0.034	(2.850)
Investment Losses Contingency	0.000	0.000	0.000	0.000	(2.500)	0.000	(2.500)
Business Rates Strategic Investment Fund	(4.889)	(0.961)	4.837	(1.013)	(0.975)	0.000	(1.988)
PFI Reserves	(1.981)	(0.421)	0.061	(2.341)	(0.146)	0.507	(1.980)
Property DLO	(1.701)	(2.324)	1.915	(2.110)	(0.358)	1.044	(1.424)
Covid Tax Income Guarantee Grant	0.000	0.000	0.000	0.000	(1.267)	0.000	(1.267)
Change Management	(2.379)	0.000	0.572	(1.807)	0.000	0.644	(1.163)
Other reserves	(10.218)	(7.795)	3.878	(14.135)	(1.792)	10.614	(5.313)
Sub Total	**(135.123)**	**(30.700)**	**34.008**	**(131.815)**	**(105.005)**	**74.498**	**(162.322)**

	1 Apr 2019 £m	Transfers In £m	Transfers Out £m	31 Mar 2020 £m	Transfers In £m	Transfers Out £m	31 Mar 2021 £m
Health and Communities							
Public Health Grant	(7.600)	0.000	0.176	(7.424)	(1.108)	0.000	(8.532)
Covid Test and Trace Grant	0.000	0.000	0.000	0.000	(3.385)	0.000	(3.385)
Domestic Abuse	(2.000)	(0.142)	0.000	(2.142)	0.000	0.520	(1.622)
Trusted Trader	(0.071)	(0.030)	0.000	(0.101)	0.000	0.000	(0.101)
CEV Individuals Support Grant	0.000	0.000	0.000	0.000	(0.698)	0.000	(0.698)
Mass Community Testing Grant	0.000	0.000	0.000	0.000	(0.771)	0.000	(0.771)
Public Health S256/External Funds	0.000	0.000	0.000	0.000	(0.244)	0.004	(0.240)
Proceeds of Crime	(0.074)	(0.075)	0.014	(0.135)	(0.007)	0.006	(0.136)
Other reserves	(0.531)	0.000	0.069	(0.462)	0.198	0.000	(0.264)
Sub total	**(10.276)**	**(0.247)**	**0.259**	**(10.264)**	**(6.015)**	**0.530**	**(15.749)**
Highways, Transport and Infrastructure							
Prior Year Underspends	(9.287)	(1.453)	0.930	(9.810)	(1.756)	0.264	(11.302)
Winter Maintenance	(2.000)	0.000	0.000	(2.000)	0.000	0.000	(2.000)
Commuted Highways Maintenance	(0.121)	(1.016)	0.000	(1.137)	(0.573)	0.000	(1.710)
Road Safety Public Service Agreement (PSA)	(1.181)	0.000	0.102	(1.079)	0.000	0.227	(0.852)
Derby and Derbyshire Road Safety Partnership Reserve	(0.585)	(0.132)	0.085	(0.632)	(0.003)	0.018	(0.617)
Waste Recycling Initiatives	(0.391)	(0.207)	0.000	(0.598)	0.000	0.000	(0.598)
Other reserves	(6.167)	(0.234)	4.418	(1.983)	(0.327)	0.493	(1.817)
Sub Total	**(19.732)**	**(3.042)**	**5.535**	**(17.239)**	**(2.659)**	**1.002**	**(18.896)**
Strategic Leadership, Culture and Tourism							
Derwent Valley Mills World Heritage Site	(0.192)	(0.016)	0.032	(0.176)	(0.035)	0.022	(0.189)
Channel Shift	(0.100)	0.000	0.100	0.000	(1.054)	0.609	(0.445)
Library Restructure	(0.429)	0.000	0.000	(0.429)	0.000	0.000	(0.429)
Community Managed Libraries	0.000	(0.742)	0.000	(0.742)	0.000	0.000	(0.742)
Policy and Research	(1.054)	0.000	0.339	(0.715)	0.000	0.055	(0.660)
Derbyshire Challenge Fund	(0.567)	(0.084)	0.120	(0.531)	(0.155)	0.328	(0.358)
Other reserves	(1.508)	(0.030)	0.968	(0.570)	(0.091)	0.101	(0.560)
Sub Total	**(3.850)**	**(0.872)**	**1.559**	**(3.163)**	**(1.335)**	**1.115**	**(3.383)**
Young People							
Schools Balances	(26.044)	(5.595)	7.742	(23.897)	(12.781)	1.753	(34.925)
Tackling Troubled Families	(4.082)	(1.960)	2.148	(3.894)	(1.755)	1.831	(3.818)
Childrens Services IT Systems	(0.746)	0.000	0.040	(0.706)	0.000	0.049	(0.657)
Primary Teacher Pooled	(0.496)	(0.465)	0.496	(0.465)	(0.652)	0.464	(0.653)
Prior Year Underspends/Commitments	(0.242)	0.000	0.013	(0.229)	(0.302)	0.077	(0.454)
COVID Winter Grant Scheme	0.000	0.000	0.000	0.000	(0.253)	0.000	(0.253)
QA Elective Home Education	0.000	0.000	0.000	0.000	(0.233)	0.000	(0.233)
Home to School Transport Covid Grant	0.000	0.000	0.000	0.000	(0.230)	0.000	(0.230)
Dedicated Schools Grant (DSG)	(5.602)	(1.943)	7.358	(0.187)	(0.075)	0.262	0.000
Other reserves	(3.567)	(0.423)	1.259	(2.731)	(0.359)	2.418	(0.672)
Sub Total	**(40.779)**	**(10.386)**	**19.056**	**(32.109)**	**(16.640)**	**6.854**	**(41.895)**
Overall Totals	**(233.451)**	**(58.567)**	**62.879**	**(229.139)**	**(133.375)**	**102.007**	**(260.507)**

30. UNUSABLE RESERVES

The balance of unusable reserves is made up of a number of adjustment accounts, none of which are available to finance future spending. The reserves that make up the balance are detailed below.

31 Mar 2020 £m		31 Mar 2021 £m
767.817	Revaluation Reserve	712.056
521.130	Capital Adjustment Account	445.055
(5.107)	Financial Instruments Adjustment Account	(4.840)
(10.108)	Pooled Investments Adjustment Account	(3.736)
0.824	Deferred Capital Receipts Reserve	1.087
(706.324)	Pensions Reserve	(1,084.181)
5.822	Collection Fund Adjustment Account	(9.142)
0.000	DSG Adjustment Account	(1.157)
(6.452)	Accumulated Absences Account	(8.313)
567.602	**Balance at 31 March**	**46.829**

The movements in unusable reserves in 2020-21 are detailed below.

		Unusable reserves									
Narrative	**Note**	**Deferred Capital Receipts £m**	**Revaluation Reserve £m**	**Capital Adjustment Account £m**	**Pooled Investments Adjustment Account £m**	**Financial Instruments Adjustment Account £m**	**Accumulated Absences Account £m**	**Collection Fund Adjustment Account £m**	**DSG Adjustment Account £m**	**Pensions Reserve £m**	**Total Unusable Reserves £m**
BALANCE AT 31 MARCH 2020		**(0.824)**	**(767.817)**	**(521.132)**	**10.108**	**5.107**	**6.454**	**(5.821)**	**0.000**	**706.324**	**(567.601)**
Comprehensive Income & Expenditure		**0.000**	**(9.589)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**345.736**	**336.147**
Adjustments between accounting basis and funding basis											
Depreciation of Non-Current Assets	14	0.000	13.701	27.236	0.000	0.000	0.000	0.000	0.000	0.000	40.937
Impairment of Non-Current Assets	14	0.000	0.000	24.091	0.000	0.000	0.000	0.000	0.000	0.000	24.091
Application of Capital Grants credited to the CIES	39	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(0.269)	51.649	99.932	0.000	0.000	0.000	0.000	0.000	0.000	151.312
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	15.569	0.000	0.000	0.000	0.000	0.000	0.000	15.569
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	1.861	0.000	0.000	0.000	1.861
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	14.963	0.000	0.000	14.963

Reversal of items relating to retirement benefits debited or credited to the CIES	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	95.707	95.707
Statutory provision for the financing of capital investment		0.000	0.000	(13.849)	0.000	0.000	0.000	0.000	0.000	0.000	(13.849)
Principal repayments of transferred debt		0.000	0.000	(0.006)	0.000	0.000	0.000	0.000	0.000	0.000	(0.006)
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	0.000	0.000	0.000	(6.373)	0.000	0.000	0.000	0.000	0.000	(6.373)
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	(0.267)	0.000	0.000	0.000	0.000	(0.267)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(63.586)	(63.586)
Capital receipts from Finance Lease Debtors	45	0.006	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.006
Dedicated Schools Grant (DSG) closing deficit balance	38	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.157	0.000	1.157
Financing of capital expenditure	17	0.000	0.000	(76.897)	0.000	0.000	0.000	0.000	0.000	0.000	(76.897)
Adjustments between accounting basis and funding basis		**(0.263)**	**65.350**	**76.076**	**(6.373)**	**(0.267)**	**1.861**	**14.963**	**1.157**	**32.121**	**184.625**
Reserves movements											
Transfer to Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**(0.263)**	**65.350**	**76.076**	**(6.373)**	**(0.267)**	**1.861**	**14.963**	**1.157**	**32.121**	**184.625**
BALANCE AT 31 MARCH 2021		**(1.087)**	**(712.056)**	**(445.056)**	**3.735**	**4.840**	**8.315**	**9.142**	**1.157**	**1,084.181**	**(46.829)**

The movements in unusable reserves in 2019-20 are detailed below.

		Unusable reserves								
Narrative	**Note**	**Deferred Capital Receipts £m**	**Revaluation Reserve £m**	**Capital Adjustment Account £m**	**Pooled Investments Adjustment Account £m**	**Financial Instruments Adjustment Account £m**	**Accumulated Absences Account £m**	**Collection Fund Adjustment Account £m**	**Pensions Reserve £m**	**Total Unusable Reserves £m**
BALANCE AT 31 MARCH 2019		**(0.655)**	**(826.988)**	**(605.363)**	**1.756**	**5.351**	**7.952**	**(2.740)**	**935.258**	**(485.429)**
Comprehensive Income & Expenditure		**0.000**	**(48.786)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(300.934)**	**(349.720)**
Adjustments between accounting basis and funding basis										
Depreciation of Non-Current Assets	14	0.000	15.735	26.867	0.000	0.000	0.000	0.000	0.000	42.602
Impairment of Non-Current Assets	14	0.000	0.000	12.055	0.000	0.000	0.000	0.000	0.000	12.055
Application of Capital Grants credited to the CIES	39	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(0.176)	92.222	86.146	0.000	0.000	0.000	0.000	0.000	178.192
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	23.254	0.000	0.000	0.000	0.000	0.000	23.254
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	(1.498)	0.000	0.000	(1.498)
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	(3.081)	0.000	(3.081)

Reversal of items relating to retirement benefits debited or credited to the CIES	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	132.696	132.696
Statutory provision for the financing of capital investment		0.000	0.000	(10.948)	0.000	0.000	0.000	0.000	0.000	(10.948)
Principal repayments of transferred debt		0.000	0.000	0.068	0.000	0.000	0.000	0.000	0.000	0.068
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	0.000	0.000	0.000	8.352	0.000	0.000	0.000	0.000	8.352
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	(0.244)	0.000	0.000	0.000	(0.244)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	1.139	0.000	0.000	0.000	0.000	0.000	1.139
Employer's pension contributions and direct payments to pensioners payable in the year	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(60.696)	(60.696)
Capital receipts from Finance Lease Debtors	45	0.007	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.007
Financing of capital expenditure	17	0.000	0.000	(54.350)	0.000	0.000	0.000	0.000	0.000	(54.350)
Adjustments between accounting basis and funding basis		**(0.169)**	**107.957**	**84.231**	**8.352**	**(0.244)**	**(1.498)**	**(3.081)**	**72.000**	**267.548**
Reserves movements										
Transfer to Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**(0.169)**	**107.957**	**84.231**	**8.352**	**(0.244)**	**(1.498)**	**(3.081)**	**72.000**	**267.548**
BALANCE AT 31 MARCH 2020		**(0.824)**	**(767.817)**	**(521.132)**	**10.108**	**5.107**	**6.454**	**(5.821)**	**706.324**	**(567.601)**

Revaluation Reserve
The reserve contains only revaluation gains accumulated since 1 April 2007, this being the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance in the Capital Adjustment Account.

	Note	Carrying Value £m	Revaluation Reserve £m
31 March 2021			
Property, Plant and Equipment	14	1,623.077	667.114
Heritage Assets	15	47.872	43.297
Assets Held for Sale	19	2.896	1.645
		1,673.845	**712.056**
31 March 2020			
Property, Plant and Equipment	14	1,752.894	722.003
Heritage Assets	15	49.570	44.776
Assets Held for Sale	19	2.341	1.038
		1,804.805	**767.817**

Capital Adjustment Account
This reserve includes timing differences arising between the financing of purchasing new, or enhancing, Council assets and the utilising of those assets in the Council's accounts (known as depreciation). It is not available for future spending.

Financial Instruments Adjustment Account
The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of General Reserve to the account in the Movement in Reserves Statement. Over time, the expense is posted back to General Reserve in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, the balance on the Account at 31 March will be charged to the General Reserves over the next 40 years.

Pooled Investments Adjustment Account
The Pooled Investments Adjustment Account contains the cumulative gains and losses relating to the valuation of financial assets held at Fair Value through Profit or Loss in accordance with the temporary statutory override MHCLG has issued, effective for financial years 2018-19 to 2022-23.

Deferred Capital Receipts Reserve
The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Pensions Reserve
The Pensions Reserve absorbs the timing differences from the different arrangements for accounting for post-employment benefits and funding benefits in accordance with statute. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions or pays any pensions for which it is directly responsible. The debit balance on the Reserve therefore shows a shortfall in the benefits earned by employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Collection Fund Adjustment Account
The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as they fall due from Council Tax and Business Rates payers, compared with the statutory arrangements for paying across amounts to the General Reserve from the Collection Funds.

Dedicated Schools Grant (DSG) Adjustment Account
The Dedicated Schools Grant (DSG) Adjustment Account separates schools' budget deficits from the General Reserve Balance for a period of three financial years from 2020-21. Deficits arise where schools' budget expenditure exceeds that of available funding provided through the DSG. Where a local authority has a closing deficit balance on its schools' budget at 31 March 2021, 31 March 2022 or 31 March 2023, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its schools' budget. The DSG Adjustment Account carries forward the deficit to be funded from future DSG income.

Accumulated Absences Account
The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the account.

31. EXTERNAL AUDIT COSTS

2019-20 £m		2020-21 £m
	Audit Fees	
0.097	External Audit Fees	0.097
0.002	External Audit Fees - Additional Fees for Prior Year	0.018
(0.012)	Public Sector Audit Appointments Rebate	0.000
0.004	External Audit Fees - Teachers' Pension Scheme	0.004
0.091		**0.119**

32. MEMBERS' ALLOWANCES

Payments made to the Council's elected Members during the year were:

2019-20 £m		2020-21 £m
1.042	Allowances	1.074
0.039	Expenses	0.002
1.081		**1.076**

33. OFFICERS' REMUNERATION

The definition of senior officer is:

- An officer whose salary is £150,000 or more.
- A statutory chief officer as per section 2(6) of the Local Government and Housing Act 1989.
- A non-statutory chief officer as per section 2(7) of the Local Government and Housing Act 1989.
- An officer reporting to the Head of Paid Service.

The following changes in respect of the Council's Senior Officers occurred during 2019-20 and 2020-21 and are relevant to the table of remuneration paid to the Council's Senior Officers below:

- From May 2019, Strategic Directors became known as Executive Directors.
- The Acting Executive Director of Adult Care was appointed on 21 January 2019 and returned to their substantive role on 2 September 2019.
- The Executive Director of Commissioning, Communities and Policy became the Managing Executive Director, Commissioning, Communities and Policy on 1 January 2021.
- The Interim Director of Economy, Transport & Environment was appointed on 3 August 2020.

- The former Executive Director of Economy, Transport & Environment left the Council on 31 August 2020.
- The former Director of Legal and Democratic Services left the Council on 5 November 2019.
- The Acting Director of Legal and Democratic Services was appointed on 27 November 2019 and left the Council on 31 December 2020.
- The Director of Legal and Democratic Services was appointed on 7 December 2020.

2019-20 Restated*					**2020-21**			
Salary	Employer's Pension Contributions	Compensation for Loss of Employment	**Total Remuneration 2019-20**		Salary	Employer's Pension Contributions	Compensation for Loss of Employment	**Total Remuneration 2020-21**
£	£	£	**£**		£	£	£	**£**
102,142	23,236	0	**125,378**	Executive Director of Adult Social Care and Health	122,574	25,397	0	**147,971**
47,798	9,560	0	**57,357**	Acting Executive Director of Adult Care	0	0	0	**0**
123,681	24,736	0	**148,417**	Executive Director of Children's Services	129,655	25,931	0	**155,586**
126,185	25,237	0	**151,422**	Managing Executive Director, Commissioning, Communities and Policy	134,880	27,947	0	**162,827**
126,185	0	0	**126,185**	Executive Director of Economy, Transport & Environment	54,147	0	0	**54,147**
0	0	0	**0**	Interim Director of Economy, Transport & Environment	82,903	0	0	**82,903**
98,924	19,785	0	**118,709**	Director of Finance and ICT	101,644	21,061	0	**122,705**
95,926	19,837	0	**115,763**	Director of Public Health	100,874	20,861	0	**121,735**
86,337	17,267	0	**103,604**	Director of Community Services	88,711	18,381	0	**107,092**
60,343	10,948	30,727	**102,019**	Director of Legal and Democratic Services	29,310	6,073	0	**35,383**
30,016	6,003	0	**36,019**	Acting Director of Legal and Democratic Services	69,520	14,404	0	**83,924**
92,656	18,531	0	**111,187**	Director of Organisation, Development and Policy	97,515	20,205	0	**117,720**
94,284	18,857	0	**113,141**	Director of Property	99,186	20,551	0	**119,738**

*The Director of Public Health's employer pension contributions have been restated to include contributions funded by the Department of Health and Social Care and contributions collected from the Council by NHS invoice.

The Council's employees (other than senior officers in the table above) earning above £50,000 during the year have been paid the following amounts:

2019-20 No of Employees				2020-21 No of Employees		
School Staff	Other	Total	Remuneration Between:	School Staff	Other	Total
127	97	**224**	£50,000 and £54,999	152	93	**245**
99	59	**158**	£55,000 and £59,999	95	71	**166**
91	15	**106**	£60,000 and £64,999	77	19	**96**
32	19	**51**	£65,000 and £69,999	54	23	**77**
21	2	**23**	£70,000 and £74,999	23	4	**27**
5	2	**7**	£75,000 and £79,999	6	1	**7**
8	1	**9**	£80,000 and £84,999	6	2	**8**
1	6	**7**	£85,000 and £89,999	5	7	**12**
2	1	**3**	£90,000 and £94,999	2	2	**4**
2	1	**3**	£95,000 and £99,999	2	1	**3**
1	0	**1**	£100,000 and £104,999	0	1	**1**
0	0	**0**	£105,000 and £109,999	1	0	**1**
0	0	**0**	£115,000 and £119,999	1	0	**1**
1	1	**2**	£135,000 and £139,999	0	0	**0**
390	**204**	**594**		**424**	**224**	**648**

Remuneration includes gross income and compensation for loss of employment.

34. TERMINATION BENEFITS

The Council has terminated the contracts of a number of employees in 2020-21, incurring liabilities of £0.944m (2019-20: £3.612m). The total cost of exit packages has decreased in 2020-21. In 2019-20 there was an increased number of departures and an increased average cost of pension strain within those packages.

The termination benefits are split by banding below:

	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019-20 actual	2020-21 actual	2019-20 actual	2020-21 actual	2019-20 actual	2020-21 actual	2019-20* actual	2020-21 actual
							£m	£m
£0-£20k	79	33	105	27	184	60	1.064	0.257
£20k-£40k	5	0	22	4	27	4	0.767	0.108
£40k-£60k	3	3	8	1	11	4	0.509	0.227
£60k-£80k	3	0	2	0	5	0	0.355	0.000
£80k - £100k	5	0	0	1	5	1	0.438	0.090
£100k-£150k	1	0	0	2	1	2	0.100	0.262
£150k-£200k	0	0	1	0	1	0	0.156	0.000
£200k-£250k	1	0	0	0	1	0	0.223	0.000
	97	**36**	**138**	**35**	**235**	**71**	**3.612**	**0.944**

*The 2019-20 disclosures have been restated to increase one under-accrued benefit by £0.002m, which has caused the benefit to move band from £0.020m-£0.040m to £0.040m-£0.060m.

35. POOLED BUDGETS

The Council has two pooled budget arrangements, details of which are set out below.

Better Care Fund

On 1 April 2015 the Derbyshire Better Care Fund (BCF) became operational.

Until 2019-20 the Council was partner to the fund along with NHS Northern Derbyshire Clinical Commissioning Group, NHS Southern Derbyshire Clinical Commissioning Group, NHS Hardwick Clinical Commissioning Group, NHS Erewash Clinical Commissioning Group and NHS Tameside and Glossop Clinical Commissioning Group.

From 2019-20 NHS Northern Derbyshire Clinical Commissioning Group, NHS Southern Derbyshire Clinical Commissioning Group, NHS Hardwick Clinical Commissioning Group and NHS Erewash Clinical Commissioning Group combined to become NHS Derby and Derbyshire Clinical Commissioning Group. The Council is now partner to the fund with NHS Derby and Derbyshire Clinical Commissioning Group and NHS Tameside and Glossop Clinical Commissioning Group.

The operation of the pool is ultimately managed by the Derbyshire Health and Wellbeing Board represented by members from each of the partners. The Fund operates as a Section 75 pooled budget and total agreed contributions to the pool are £103.917m. Derbyshire County Council's contribution towards the pool is £44.227m (42.56%).

The BCF aims to improve the provision of health and social care. All partners contribute to a pooled fund and the overarching objective of the fund is to support the integration of health and social care and align commissioning as agreed between the partners.

Under the agreement, the BCF Plan for Derbyshire is split into two areas:

- Contributions to a pooled fund by all partners and commissioned by Derbyshire County Council who are host and lead commissioner
- Commissioning of existing funded schemes directly by each partner.

Income	2020-21 £m	Pool Share %
Derbyshire County Council	44.227	42.56
Derby and Derbyshire CCG	57.189	55.03
NHS Tameside and Glossop CCG	2.501	2.41
	103.917	**100.00**

Expenditure	2020-21 £m
CCG schemes for community health services	22.611
Disabled Facilities Grant	7.898
Equipment	6.380
Reablement	4.859
Joint working	8.465
Administration	0.428
Care Bill	2.259
Carers	2.154
Mental health	1.062
Support for people to remain out of hospital	13.104
Improved Better Care Fund	31.055
Winter Pressures	3.627
Total Expenditure	**103.902**
Net position for Pool	**0.015**

Children with Complex Needs pooled budget arrangement

The Children with Complex Needs pooled budget arrangement is jointly operated with Derby and Derbyshire CCG. The CCG contributes 33% and the remainder is funded by the Council. Any surplus or deficit carries forward to offset the following year's contributions, as required by the partnership agreement. Any unspent amounts are transferred to an Earmarked Reserve set up for this purpose.

31 Mar 2020 £m		31 Mar 2021 £m
	Funding provided to the pooled budget:	
(4.806)	The Council	(4.740)
(2.367)	Derby and Derbyshire CCG	(2.335)
	Expenditure met by the pooled budget	
4.806	The Council	4.740
2.367	Derby and Derbyshire CCG	2.335
0.000	**(Surplus)/Deficit**	**0.000**
0.000	The Council's share of the (Surplus)/Deficit	0.000

36. TRUST FUNDS

Trust Funds are made up of donations or bequests made to the Council. These funds are not part of the Council's Accounts. Other funds include monies held for residents in the Council's residential care homes.

2019-20 Total £m		2020-21 Trust Funds £m	2020-21 Other Funds £m	2020-21 Total £m
4.303	Opening Balance	1.471	3.868	5.339
1.066	Add Income	0.038	0.926	0.964
(0.030)	Less Expenditure	(0.298)	(0.132)	(0.430)
5.339	**Closing Balance**	**1.211**	**4.662**	**5.873**
	The funds are represented by:			
0.046	Investments	0.023	0.000	0.023
5.293	Cash & temporary loans	1.188	4.662	5.850
5.339	**Total Assets**	**1.211**	**4.662**	**5.873**
66	No of Funds (actual not £m)	11	8	19

Cabinet approved the transfer of 47 educational charitable Trust Funds, for which the Council is the sole Trustee, to Foundation Derbyshire on 23 April 2020. 44 of these funds were transferred in 2020-21. The value of the funds transferred was £0.295m. The total value of the remaining funds that are to be transferred was £1.062m at 31 March 2021.

37. INCOME FROM CONTRACTS WITH SERVICE RECIPIENTS

A service recipient is a party that has contracted with the Council to obtain goods or services which are the output of the Council's normal operating activities. Such a contract may be in writing, be made orally or be in accordance with customary business practice. The table below identifies income amounts in the CIES arising from contracts with service recipients.

Highways, Transport and Infrastructure portfolio income from contracts with service recipients in 2019-20 has been restated to include income from commercial waste disposal.

	Income	
Type of Goods/Service	**Restated 2019-20 £m**	**2020-21 £m**
Adult Care		
Residential Care Homes	29.842	27.884
Nursing Homes	10.136	9.348
Co-funding Charge	9.016	8.648
Shared Lives	0.521	0.538
Direct Care Trading	0.723	0.285
Other	0.192	0.199
Sub Total	**50.430**	**46.902**
Corporate Services		
Property Repairs, Maintenance, Cleaning and Facilities Management	4.042	2.478
PFI Services to Academies	3.697	4.893
Pension Fund Administration	2.334	2.837
Registrar Services	1.550	0.858
Legal Services	1.060	0.221
Human Resource Services	0.489	0.585
Recruitment and Payroll Services	0.222	0.317
Other	0.830	0.627
Sub Total	**14.224**	**12.816**
Clean Growth and Regeneration		
Other	0.009	0.156
Sub Total	**0.009**	**0.156**
Health and Communities		
Other	0.125	0.051
Sub Total	**0.125**	**0.051**

	Income	
Type of Goods/Service	Restated 2019-20 £m	2020-21 £m
Highways, Transport and Infrastructure		
Inspection Fees (S38/S278 Highways Act)	2.542	2.977
Commercial Waste Disposal	2.063	1.760
Vehicle Maintenance	1.534	1.710
New Roads and Street Works Act Fees	1.304	0.943
Pay and Display Parking	0.614	0.901
Countryside Shop Merchandise	0.317	0.766
Licence Fees (e.g. skip/scaffold permits)	0.170	0.598
Cross Boundary Bus Services	0.285	0.303
Land Searches	0.237	0.197
Highways & Lighting Works	0.237	0.115
Sale of Obsolete Vehicles	0.314	0.087
Highways Maintenance and Design	0.604	0.066
Other	0.008	0.432
Sub Total	**10.229**	**10.855**
Strategic Leadership, Culture and Tourism		
Other	0.302	(0.015)
Sub Total	**0.302**	**(0.015)**
Young People		
Catering	8.287	6.453
School Food and Meals	5.385	2.429
Extended School Services	1.389	0.773
Sport/Outdoor Education	1.621	0.129
Behaviour Support	0.299	0.091
Adult Education	0.449	0.070
Training/Advice to Educational Entities	0.669	0.000
Early Intervention	0.378	0.000
Services for Teenagers	0.222	0.000
Other	1.884	1.909
Sub Total	**20.583**	**11.854**
Overall Total	**95.902**	**82.619**

Amounts included in the Balance Sheet for contracts with service recipients:

31 Mar 2020 £m		31 Mar 2021 £m
7.600	Receivables	8.530
0.298	Contract Assets	0.271
(1.629)	Contract Liabilities	(2.461)
6.269	**Total Included in Net Assets**	**6.340**

Receivables and Contract Assets are included within Amounts Owed to the Council in the Debtors analysis (Note 23).

Contract Liabilities are included within Income in Advance to the Council in the Creditors analysis (Note 25).

Changes in the contract assets and contract liabilities balances during the year are as follows:

2019-20			2020-21	
Contract Assets £m	Contract Liabilities £m		Contract Assets £m	Contract Liabilities £m
0.000	(1.629)	Cash received before obligations fulfilled	0.000	(2.461)
0.000	1.427	Obligations relating to contract liabilities at the start of the year fulfilled	0.000	1.629
0.298	0.000	Obligations fulfilled before payment is due	0.271	0.000
(0.892)	0.000	Transfers from Contract Assets to Receivables as payment became due	(0.298)	0.000
(0.594)	**(0.202)**	**Movement in Contract Assets and Liabilities**	**(0.027)**	**(0.832)**
0.892	(1.427)	Contract Assets and Liabilities at the start of the year	0.298	(1.629)
0.298	**(1.629)**	**Contract Assets and Liabilities at the end of the year**	**0.271**	**(2.461)**

The value of the contract liabilities presented at the end of the year represents the value of income that is expected to be recognised in the future, relating to obligations that are unsatisfied (or partially unsatisfied) at the end of the year. All amounts are expected to be realised no later than one year from the year ended 31 March 2021.

The Council only recognises income at an amount that corresponds directly with the value to the service recipients of the Council’s performance to the end of the year.

Performance obligations are deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income streams:

- Residential Care, Nursing Home and Co-funding charges
- PFI Services to Academies
- Pension Fund Administration

This is a faithful depiction as these services are delivered to, and the benefits consumed by, the service recipients simultaneously. The Council has a right to receive fixed payments from service users for each day of service provided, therefore it recognises income to the amount that it has the right to invoice according to the duration of the service provision.

Performance obligations are also deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income stream:

- Commercial Waste Disposal

This is a faithful depiction as the Council has an enforceable right to receive income for performance completed to date. The Council recognises income based on the volume of waste processed which fulfils the terms of these contracts.

Performance obligations are deemed to be satisfied at a point in time, in respect of the following significant income streams:

- Inspections under Section 38 and 278 of the Highways Act
- Catering and School Food and Meals

In respect of these services, income is only recognised when the contracted work has been completed.

38. DEDICATED SCHOOLS GRANT (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The grant is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget as defined in The School and Early Years Finance (England) Regulations 2020.

The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each local authority school. An in-year adjustment has been made comprising an addition to the 2020-21 grant receipts for Early Years provision during 2019-20, following final calculation of the amount due from the Department for Education.

Actual central expenditure includes commitments that remain unspent as at the end of the financial year. These commitments have been transferred to an earmarked reserve and form part of the DSG balance. Details of the deployment of the DSG receivable for 2020-21 are as follows:

	2020-21			
	Central Expenditure £m	Individual Schools Budget £m	Total £m	DSG Reserves £m
DSG Reserves brought forward from 2019-20			0.188	**0.188**
Carry forward to 2021-22 agreed in advance			(0.127)	
Planned use of reserves			**0.061**	**(0.061)**
Final DSG for 2020-21 before Academy Recoupment			592.787	
Less Academy Recoupment for 2020-21			(231.123)	
Total DSG after Academy Recoupment for 2020-21			**361.664**	
Agreed initial budgeted distribution	**71.713**	**290.012**	**361.725**	
In year adjustments - Early Years receipt relating to 2019-20	0.147	0.000	0.147	
Final budgeted distribution for 2020-21	**71.860**	**290.012**	**361.872**	
Less actual Central Expenditure	(72.599)		(72.599)	
Less actual ISB deployed to Private, Voluntary and Independent Settings for Nursery Education		(30.840)	(30.840)	
Less actual ISB Deployed to Schools		(259.717)	(259.717)	
2020-21 in-year position	**(0.739)**	**(0.545)**	**(1.284)**	**(1.284)**
Carry forward to 2020-21*				**(1.157)**

*The School and Early Years Finance (England) Regulations 2020 and Regulation 30L of The Local Authorities (Capital Finance and Accounting) require that the Council's closing deficit balance of DSG Reserves at 31 March 2021 is held within a new statutorily ring-fenced unusable reserve – the DSG Adjustment Account. For further details refer to Note 30.

DSG grant income in Note 39 below is the sum of 'Total DSG after Academy Recoupment for 2020-21 and the £0.147m 'In-year Adjustment' in the table above.

39. GRANT INCOME

Revenue Grants		Income Restated* 2019-20 £m	2020-21 £m
Dedicated Schools Grant (DSG)	ESFA	359.020	361.811
Public Health Grant	DHSC	39.477	42.175
Pupil Premium Grant	ESFA	19.318	18.812
Teachers' Pension Grant	ESFA	6.546	10.645
Covid-19 Infection Control Fund	DHSC	0.000	9.517
Covid-19 Infection Control Fund Round 2	DHSC	0.000	8.774
Disabled Facilities Grant	MHCLG	6.961	7.898
EFA Post 16	ESFA	6.825	6.174
Universal Free School Meals for Infant Pupils	ESFA	6.503	5.713
DACES SFA	ESFA	4.884	4.878
PE and Sport Grant	ESFA	4.812	4.627
Covid-19 Test & Trace	DHSC	0.000	3.859
Teachers' Pay Grant	DfE	3.180	3.440
Covid-19 Winter Grant	DWP	0.000	2.939
Covid-19 Catch Up	ESFA	0.000	2.520
Supported Bus Services*	DfT	0.897	2.483
Covid-19 Mass Community Testing	DHSC	0.000	2.467
Covid-19 Rapid Testing	DHSC	0.000	2.427
Covid-19 Worforce Capacity	DHSC	0.000	1.814
Troubled Families	MHCLG	1.960	1.756
Asylum Seeker Grant	HO	1.613	1.526
Music Service Grant	Arts	1.415	1.419
Covid-19 Outbreak Management Fund	DHSC	0.000	1.124
School Improvement Grant	ESFA	0.458	0.000
Other Grants	Various	7.146	8.887
Total Departmental Income		**471.016**	**517.686**

*Restated 2019-20 to separately disclose Supported Bus Services grant.

Revenue Grants		Income Restated* 2019-20 £m	Income 2020-21 £m
Covid-19 LA Support Grant	MHCLG	0.000	45.038
Improved Better Care Fund	MHCLG	31.055	34.682
Adult Social Care Grant	DHSC	6.197	21.941
Revenue Support Grant	MHCLG	13.517	13.738
Private Finance Initiative	ESFA	10.504	10.504
Business Rates Relief Grant	MHCLG	7.603	7.185
Independent Living Fund	MHCLG	2.534	2.534
Covid-19 Sales, Fees and Charges	MHCLG	0.000	2.349
New Homes Bonus	MHCLG	2.098	2.326
Winter Pressures		3.627	0.000
Levy Fund Surplus		0.379	0.000
Other Grants	Various	2.954	7.305
Total Corporate Income		**80.468**	**147.602**
Total Grants		**551.484**	**665.288**

Capital Grants		Income Restated* 2019-20 £m	Income 2020-21 £m
Getting Building Fund**	MHCLG	0.000	16.241
Pothole Action Fund	DfT	1.015	16.066
Highways Capital Maintenance	DfT	15.273	15.273
School Condition Allowance	EFA	7.682	10.476
Woodville Swadlincote Regeneration Route	D2N2	0.000	6.400
Safer Roads Fund	DfT	0.000	5.619
A61 Corridor	Various	1.519	4.683
Ashbourne Airfield	Various	1.000	4.174
Integrated Transport	DfT	3.644	3.644
Highways Maintenance Incentive Fund	DfT	3.181	3.181
Public Sector Decarbonisation Grant	BEIS	0.000	1.891
Lottery Fund Buxton Crescent		0.000	1.855
Devolved Formula Capital	DFE	1.442	1.547
Active Travel Fund Tranche 2	DFT	0.000	1.347
Basic Need	EFA	2.471	1.099
Local Growth Fund**	MHCLG	(28.972)	0.000
Highways Maintenance Challenge Fund	DfT	4.867	0.000
Ilkeston Station New Station Fund (NSF)		5.884	0.000
Other Capital Grants	Various	12.777	12.597
		31.783	**106.093**

*Restated 2019-20 to separately disclose Ashbourne Airfield grant.

**Using the freedom and flexibilities given to LEP Accountable Bodies:

- The Council utilised Local Growth Fund underspends during 2017-18 and 2018-19 to fund its capital programme. The Council had repaid all the local Growth Fund underspends by 31 March 2020.
- During 2020-21 the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme (2019-20: nil).

40. CASH FLOW – INVESTING ACTIVITIES

2019-20 £m		2020-21 £m
(99.250)	Purchase of Non-Current Assets	(89.650)
(1,036.512)	Purchase of New Investments	(996.800)
3.497	Proceeds from Sale of Non-Current Assets	3.480
32.546	Capital Grants Received	106.096
1,104.261	Investments Redeemed	888.447
4.541		**(88.427)**

41. CASH FLOW – FINANCING ACTIVITIES

2019-20 £m		2020-21 £m
(533.657)	Repay Amounts Borrowed	(459.075)
(4.104)	Principal Repayment on PFI and Leases	(4.327)
550.503	New Short Term Loans	490.000
12.742		**26.598**

42. CASH FLOW – OPERATING ACTIVITIES

2019-20 £m		2020-21 £m
(530.988)	Payments to and on behalf of employees	(531.136)
(640.295)	Other Operating Payments	(687.973)
329.430	Council Tax	345.793
19.484	Business Rates	20.575
13.517	Revenue Support Grant	13.738
559.283	Other Revenue Grants	633.546
275.804	Other Income	276.807
26.236	**Operating Costs of Providing Services**	**71.350**
(13.681)	External Interest Paid	(12.853)
(3.956)	Interest on PFI and Finance Leases	(3.733)
3.046	Interest Received	1.753
3.569	Dividends Received	2.811
15.214		**59.327**

43. RECONCILIATION OF NET SURPLUS/(DEFICIT) ON THE CIES TO THE OPERATING ACTIVITIES NET CASH FLOW

2019-20 £m		2020-21 £m
(302.634)	**Surplus/(Deficit) on the Provision of Services**	**(95.920)**
	Non Cash Transactions:	
42.602	Depreciation	40.937
12.055	Impairment	24.091
72.000	Movement in Pension Liability	32.121
(3.081)	Adjustment for Collection Fund	14.963
8.352	Investments Fair Value Movements	(6.373)
(5.016)	Movement in Revenue Debtors	(7.902)
3.203	Movement in Loss Allowances	(0.375)
22.984	Movement in Revenue Creditors	(2.661)
0.235	Movement in Inventories	0.389
(2.341)	Movement in Provisions	3.288
150.992	**Total Non Cash Transactions**	**98.478**
	Items Classified Elsewhere	
175.383	Net charge for Disposal of Non-Current Assets	147.295
23.254	Revenue Expenditure Funded from Capital Under Statute	15.569
(31.783)	Capital Grants	(106.093)
15.212		**59.329**

44. RECONCILIATION OF CASH FLOWS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 Mar 2020 £m	Cash Flows £m	Non-Cash Changes £m	31 Mar 2021 £m
Current Borrowing	59.007	31.045	0.006	90.058
Non Current Borrowing	242.566	(0.122)	1.271	243.715
PFI and Finance Lease Liabilities	64.394	(4.327)	(0.235)	59.832
	365.967	**26.596**	**1.042**	**393.605**

Non-cash changes to the Council's liabilities include an increase of £0.006m in the carrying value of current borrowing and an equal decrease in the carrying value of non-current borrowing to recognise amounts falling due within 12 months of the balance sheet date. Interest of £1.277m was accrued in the year which increased the carrying value of liabilities. The remaining non-cash transactions represent a reduction in carrying value of £0.235m because of a movement between these liabilities and short-term creditors and debtors.

	31 Mar 2019 £m	Cash Flows £m	Non-Cash Changes £m	31 Mar 2020 £m
Current Borrowing	37.574	16.857	4.576	59.007
Non Current Borrowing	246.075	(0.011)	(3.498)	242.566
PFI and Finance Lease Liabilities	68.720	(4.103)	(0.223)	64.394
	352.369	**12.744**	**0.854**	**365.967**

45. LEASE TYPE ARRANGEMENTS

FINANCE LEASES – COUNCIL AS LESSEE

The Council has a number of property assets that were acquired under finance leases. All assets are carried as Property, Plant and Equipment on the Balance Sheet. Note 14 shows the net value of assets held under Finance Leases.

The Minimum Lease Payments (MLP) are made up of the following:

2019-20 £m				2020-21 £m		
Interest	**Liability**	**MLP**		**Interest**	**Liability**	**MLP**
0.546	**0.369**	**0.915**	**Within 1 year**	**0.518**	**0.394**	**0.912**
1.884	1.596	3.480	1 to 5 years	1.758	1.474	3.232
3.198	3.044	6.242	More than 5 years	2.807	2.771	5.578
5.082	**4.640**	**9.722**	**Total Non-Current**	**4.565**	**4.245**	**8.810**
5.628	**5.009**	**10.637**		**5.083**	**4.639**	**9.722**

The MLP does not contain rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Contingent rents on these assets are insignificant.

OPERATING LEASES – COUNCIL AS LESSEE

The Council has a number of property assets (within PPE) under operating leases for:

- Delivery of local education.
- Youth information and clubs.
- Community and environmental purposes.
- Miscellaneous use, including office accommodation.

The Council has no vehicles, plant or equipment under an operating lease as at 31 March 2021 (2019-20: none).

The MLP due under non-cancellable leases in future years in respect of these properties will be payable over the following periods:

2019-20 £m		2020-21 £m
PPE		**PPE**
0.736	Within 1 year	0.942
2.879	1 to 5 years	3.194
3.970	More than 5 years	3.579
7.585		**7.715**

A small number of properties were sub-let in 2020-21. The rental expenditure that was charged to the Net Cost of Services in relation to these assets was:

2019-20 £m		2020-21 £m
0.002	Minimum Lease Payment	0.007
(0.006)	Less: sub-lease income	(0.006)
(0.004)		**0.001**

FINANCE LEASES – COUNCIL AS LESSOR

The Council has two properties that have been leased out upon receipt of a premium. With respect to these leases, there is no further lease income to be received and therefore there is no debtor held in the accounts. Details of the properties currently leased out are:

- Grassmoor Golf Centre to Grassmoor Golf Ltd on a 1,000-year lease, which commenced in 2002 for a one-off payment of £230,000.
- Land at Welbeck Road to Old Bolsover Town Council on a 99-year lease, which commenced in 2020 for a one-off payment of £10,000.
- Unit C1 Holmewood Business Park to SBK Property Limited on a 99-year lease, which commenced in 2015 for a one-off payment of £300,000.

The Council also leases out the first-floor offices of Ripley Library to Derbyshire Healthcare NHS Foundation Trust for £14,000 each year and the Nursery School on Windermere Road, Newbold to Kidz Planet Limited for £12,000 each year. The rental income and the unguaranteed residual value of the asset, which relates to the estimated value of the property at the end of the lease (i.e. an estimated sale value), will be received over the following periods:

2019-20 £m					2020-21 £m			
Minimum Lease Payments	Unguaranteed Residual Value of Property	Gross Investment in the Lease	Unearned Finance Income		Minimum Lease Payments	Unguaranteed Residual Value of Property	Gross Investment in the Lease	Unearned Finance Income
0.014	0.000	**0.014**	0.007	Within 1 year	0.022	0.000	**0.022**	0.014
0.056	0.000	**0.056**	0.026	1 to 5 years	0.090	0.000	**0.090**	0.049
0.056	0.062	**0.118**	0.019	More than 5 years	0.084	0.119	**0.203**	0.039
0.126	**0.062**	**0.188**	**0.052**		**0.196**	**0.119**	**0.315**	**0.102**

The Council has no provisions for unrealised finance lease investments. The minimum lease payments do not contain rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

OPERATING LEASE – COUNCIL AS LESSOR

The Council leases out a number of property assets (PPE) under operating leases, including leases for:

- Economic development to provide suitable affordable accommodation for local businesses.
- Youth information and clubs.
- Community and environmental purposes.
- Siting electricity substations.

The minimum lease payments receivable under leases in future years are:

2019-20 £m				2020-21 £m		
Vehicles	Land & Building	Total		Vehicles	Land & Building	Total
0.000	0.845	0.845	Within 1 year	0.000	0.717	0.717
0.000	2.031	2.031	1 to 5 years	0.000	1.705	1.705
0.000	4.714	4.714	More than 5 years	0.000	4.505	4.505
0.000	**7.590**	**7.590**		**0.000**	**6.927**	**6.927**

The minimum lease payments do not contain rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

46. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

There are three PFI schemes in which private sector providers build and maintain accommodation for use by the Council:

- Phase 1 – in 2001 the Council signed a contract for two secondary schools at Tupton and Chapel-en-le Frith. They were completed and occupied in April 2003 under a 26-year contract. Tupton Hall School became an Academy on 1 October 2019.
- Phase 2 – during 2004-05 the Council signed a contract for two further secondary schools at Newbold and Long Eaton which became operational in February 2006 under a 26-year contract. Long Eaton School became an Academy on 1 April 2011. Newbold School became an Academy, known as Outwood Academy Newbold, on 1 January 2015.
- Phase 3 – Schools provided under the Building Schools for the Future (BSF) programme opened in November 2010 at Bolsover and Springwell (Staveley). These were designed and built as PFI schools and will be operated on a 25-year contract. Bolsover School became an Academy on 1 October 2012. Springwell Community School became an Academy on 1 March 2020.

Payments

The Council makes an agreed payment each year (the unitary charge) which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards.

Although the payments that are made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

During 2017-18, the Council undertook a refinancing exercise of the BSF PFI debt, which reduced the interest charge on the long-term debt. This resulted in a one-off financial benefit of approximately £2.100m for the Council. The term of the loan and service level elements of the agreement all remain the same.

The liability outstanding to pay the contractor for capital expenditure incurred is shown below.

	2019-20			2020-21		
	Ph 1	Ph 2	BSF	Ph 1	Ph 2	BSF
	£m	£m	£m	£m	£m	£m
Unitary Charge Paid						
Delivery of services	2.539	2.935	3.934	2.794	2.891	4.117
Interest Payment	1.208	1.399	0.778	1.121	1.325	0.741
Reduction to Liability	1.246	1.149	1.364	1.333	1.222	1.401
Unitary Charge Paid	**4.993**	**5.482**	**6.076**	**5.248**	**5.439**	**6.258**
Loan Liability B Fwd	(17.360)	(21.913)	(28.193)	(16.114)	(20.764)	(26.830)
Reduction to Liability	1.246	1.149	1.364	1.333	1.222	1.401
Loan Liability C Fwd	**(16.114)**	**(20.764)**	**(26.830)**	**(14.781)**	**(19.542)**	**(25.428)**
Liability in Creditors	(1.333)	(1.222)	(1.401)	(1.426)	(1.300)	(1.440)
Non Current Liabilities	(14.781)	(19.542)	(25.428)	(13.355)	(18.241)	(23.988)
Loan Liability C Fwd	**(16.114)**	**(20.764)**	**(26.830)**	**(14.781)**	**(19.542)**	**(25.428)**

Payments remaining to be made under the PFI contract at 31 March are as follows:

	2019-20			2020-21		
	Ph 1	Ph 2	BSF	Ph 1	Ph 2	BSF
	£m	£m	£m	£m	£m	£m
Within one year:						
Service charge	2.437	2.233	3.317	2.437	2.233	3.317
Interest element	1.121	1.325	0.741	1.028	1.247	0.702
Repayment of liability	1.333	1.222	1.401	1.426	1.300	1.440
Two to five years:						
Service charge	9.747	8.930	13.266	9.747	8.930	13.266
Interest element	3.490	4.470	2.565	3.050	4.104	2.399
Repayment of liability	6.326	5.720	6.003	6.767	6.085	6.168
Six to ten years:						
Service charge	9.945	11.163	16.583	7.508	11.163	16.583
Interest element	1.538	3.278	2.225	0.950	2.674	1.991
Repayment of liability	8.455	9.459	8.484	6.589	10.063	8.718
Eleven to fifteen years:						
Service charge	0.000	4.201	16.583	0.000	1.968	15.224
Interest element	0.000	0.395	0.988	0.000	0.117	0.706
Repayment of liability	0.000	4.362	9.721	0.000	2.093	9.104
Sixteen to twenty years:						
Service charge	0.000	0.000	1.958	0.000	0.000	0.000
Interest element	0.000	0.000	0.020	0.000	0.000	0.000
Repayment of liability	0.000	0.000	1.223	0.000	0.000	0.000

All of the PFI schools will be handed back to the Council (or the Governors of the School for Academies) when the relevant contract expires. In the case of the Phase 1 schools this will be on 28 April 2029, for the Phase 2 schools it will be 12 February 2032 and for the BSF schools on 31 October 2035.

Under the terms of the agreements, the Council is able to terminate the agreements at any time. If this were due to a contractor default the Council is entitled to re-tender the contract, otherwise the contractors would be entitled to compensation. The Council has step in rights, if action needs to be taken in connection with the services provided by any of the contractors because of a serious risk to the health or safety of persons or to discharge a statutory duty; and/or because an emergency has arisen.

Property, Plant and Equipment
The schools are recognised on the Council's Balance Sheet, except those which are Academies. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

47. DEFINED CONTRIBUTION PENSION SCHEMES

Teachers' Pension Scheme
Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a defined benefit scheme which is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020-21 the Council paid £43.393m to Teachers' Pensions (2019-20: £40.435m) in respect of teachers' retirement benefits. During 2020-21 the Employer's Contribution rate for the Teachers' Pension Scheme was 23.68% (2019-20: 16.48% until 1 September 2019, when it increased to 23.68%).

NHS Pension Scheme
Former NHS employees working in the Surestart and Public Health fields that moved to the Council in 2008 and 2013, respectively, and some Public Health staff employed since then, are members of the NHS Pension Scheme, administered by the Department of Health. The Scheme provides these employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme which is unfunded, and the Department for Health uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme, which is consistent with the NHS method of accounting.

In 2020-21 the Council paid £0.625m to the NHS Pension Scheme (2019-20: £0.615m) in respect of the retirement benefits of these Council employees. The Employer's Contribution rate during 2020-21 for the NHS Pension Scheme was 20.68%, with 14.38% continuing to be collected through the Council's payroll, an additional 2.5% collected from the Council through invoicing and the remaining 3.8% being funded by the Department of Health and Social Care (2019-20: 20.68%, with 14.38% collected through the Council's payroll, an additional 2.5% collected from the Council through invoicing and the remaining 3.8% being funded by the Department of Health and Social Care). No further disclosures are required because of the immateriality of the information.

48. DEFINED BENEFIT SCHEME

The Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered by Derbyshire County Council – this is a funded defined benefit final salary scheme, meaning the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement.

The following transactions have been made during the year:

	Notes/ Statement	LGPS		Teachers	
		2019-20	2020-21	2019-20	2020-21
		£m	£m	£m	£m
Current service cost		117.012	88.511	0.000	0.000
Net interest cost	7	21.542	15.220	1.500	1.217
Past service costs & curtailments		1.057	0.400	0.000	0.000
Settlements		(8.415)	(9.640)	0.000	0.000
Benefits charged to the CIES		**131.196**	**94.491**	**1.500**	**1.217**
Remeasurement (gain)/loss		(294.190)	340.130	(6.744)	5.606
Total (Gain)/Loss		**(162.994)**	**434.621**	**(5.244)**	**6.823**
Movements in Reserves Statement:					
Reversal of charges made	30	(131.196)	(94.491)	(1.500)	(1.217)
Contributions - unfunded benefits	30	2.446	2.358	0.000	0.000
Employer's contributions payable	30	53.823	56.956	4.427	4.272

Assets and Liabilities in Relation to Post-Employment Benefits
Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities:		Unfunded liabilities:	
	2019-20	2020-21	2019-20	2020-21
	£m	£m	£m	£m
Opening balance at 1 April	**3,014.575**	**2,600.059**	**64.712**	**55.041**
Current service cost	117.012	88.511	0.000	0.000
Interest cost	72.817	59.378	1.500	1.217
Contributions by participants	17.853	15.844	0.000	0.000
Remeasurement (gains)/losses	(520.996)	700.108	(6.744)	5.606
Benefits paid	(78.168)	(76.466)	0.000	0.000
Unfunded benefits paid	(2.446)	(2.358)	(4.427)	(4.272)
Effect of settlements	(21.645)	(25.398)	0.000	0.000
Past service costs	1.057	0.400	0.000	0.000
Closing balance at 31 March	**2,600.059**	**3,360.078**	**55.041**	**57.592**

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Reconciliation of fair value of the scheme (plan) assets:

	Local Government 2019-20 £m	2020-21 £m
Opening balance at 1 April	**(2,144.029)**	**(1,948.776)**
Interest income	(51.275)	(44.159)
Other remeasurement loss/(gain)	226.806	(359.978)
Employer contributions	(53.823)	(56.956)
Contributions by participants	(17.853)	(15.844)
Benefits paid	78.168	76.466
Effect of settlements	13.230	15.758
Closing balance at 31 March	**(1,948.776)**	**(2,333.489)**

Scheme History

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total net liability of the LGPS of £1,031.436m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the Scheme Actuary;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

	Present value of liabilities: LGPS £m	Present value of liabilities: Discretionary Benefits £m	Present Value of assets: LGPS £m	(Surplus)/deficit in the Scheme: LGPS £m	(Surplus)/deficit in the Scheme: Discretionary Benefits £m	**Total £m**
2016-17	2,626.028	68.512	(1,984.638)	641.390	68.512	**709.902**
2017-18	2,680.619	65.091	(2,046.874)	633.745	65.091	**698.836**
2018-19	3,014.575	64.712	(2,144.029)	870.546	64.712	**935.258**
2019-20	2,600.059	55.041	(1,948.776)	651.283	55.041	**706.324**
2020-21	3,360.078	57.592	(2,333.489)	1,026.589	57.592	**1,084.181**

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2022 is £55.393m.

Basis for Estimating Assets and Liabilities
Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the Actuary have been:

	2019-20	2020-21
Mortality Assumptions:		
Longevity at 65 (current pensioners):		
-Men	21.6	21.3
-Women	23.7	23.9
Longevity at 65 (future pensioners):		
-Men	22.6	22.5
-Women	25.1	25.8
Inflation Rates:		
Increase in salaries (LGPS only)	2.6%	3.6%
Increase in pensions	1.9%	2.9%
Discounting scheme liabilities	2.3%	2.0%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below, showing the impact of a change at 31 March 2021:

	Local Government	
	Approximate increase to employer liability %	Approximate monetary amount £m
0.5% decrease in real discount rate	10	333.317
0.5% increase in salary increase rate	1	30.948
0.5% increase in pension increase rate	9	295.435

The Actuary has noted that in order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities at 31 March 2021 has been calculated and compared on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided by the Actuary for the accounts.

To quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one-year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

These figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

The return on the Fund in market value terms for the period to 31 March 2021 is based on actual Fund returns as provided by the Administering Authority. The actual total return for the period from 1 April 2020 to 31 March 2021 is a gain of 20.9% (2019-20: 4.7% loss).

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2019-20 %	2020-21 %
Equity investments	56.0	59.0
Debt instruments:		
Government bonds	10.0	8.0
Other bonds	16.0	15.0
Property	9.0	8.0
Cash and cash equivalents	6.0	6.0
Other assets	3.0	4.0
Total	**100.0**	**100.0**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at the balance sheet date:

	LGPS		Teachers
	Actuarial gain / (loss) on assets over total assets	Actuarial (gain) / loss on liabilities over total liabilities	Actuarial (gain) / loss on liabilities over total liabilities
2016-17	17.26%	14.49%	7.29%
2017-18	0.85%	(1.93%)	(0.94%)
2018-19	2.84%	7.55%	3.76%
2019-20	(11.64%)	(20.04%)	(12.25%)
2020-21	15.43%	20.84%	9.73%

Forecast for next year

	Local Government		Teachers Pensions	
	£m	£m	£m	£m
Projected service cost				
Estimated pay:	257.298		0.000	
Service cost (% of pay)	51.8%		n/a	
Implied service cost next year:		132.173		0.000
Net interest cost		21.282		1.109
Administration expenses		1.029		0.000
Total pension cost recognised		**154.484**		**1.109**
Projected employer contributions				
Normal contributions	(55.417)		(4.272)	
Total employer contributions next year		**(55.417)**		**(4.272)**
Current deficit		1,026.589		57.592
Projected deficit next year		**1,125.656**		**54.429**

49. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The annual Treasury Management Strategy outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

Detailed information can be found in the annual Capital Programme Approvals, Treasury Management and Capital Strategy which is available on the Council's Derbyshire Democracy website under the Council meeting on 3 February 2021:
Agenda for Council on Wednesday, 3rd February, 2021, 2.00 pm - Modern Council (derbyshire.gov.uk)

Credit risk

Credit risk is the potential for the Council to suffer loss due to another party defaulting on its financial obligations.

The Council's maximum exposure to credit risk is deemed to be the gross carrying amount of the financial assets held.

The Council defines default as a customer or borrower's failure to pay amounts owed to it. A counterparty is likely to be considered in default if:

- It is in administration, insolvency or winding up proceedings.
- It has entered into a scheme of arrangement with its creditors.
- It is in default on similar financial assets.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The financial institutions' credit ratings are monitored throughout the year and significant changes are reported to Cabinet. The Annual Investment Strategy also imposes a maximum sum to be invested and a maximum duration of each loan for counterparties.

It is the Council's policy to write-off any debt where all reasonable measures have been taken to recover the debt or after the Chief Financial Officer and the Director of Legal Services have established that the debt is irrecoverable due to bankruptcy or insolvency.

The Council's maximum exposure to credit risk in relation to its cash deposits, investments in banks and building societies and money market funds is £356.420m, all of which is deposited in the UK, except for £35.468m in global pooled funds. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at 31 March 2021 that this was likely to crystallise.

The Council's potential maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions is £29.976m. These financial assets include trade debtors (£29.454m), transferred debt (£0.038m), contract assets (£0.271m) and lease receivables (£0.213m). The Council recognised an allowance for credit losses which reduced the carrying amount of these financial assets by £4.196m. Customers for goods and services are vetted, taking into account their financial position, past experience and other factors. The Council does not generally allow credit for its trade debtors.

To determine whether there has been a significant increase in the credit risk of an investment, cash or cash equivalent the Council considers a range of factors including whether its credit rating has fallen below investment grade (BBB-), declining financial performance, a fall in the value of collateral or the quality of guarantees given and any adverse business or economic conditions impacting on the investment.

The profile of these assets by credit rating (AAA is the strongest credit rating) is as follows:

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated Not Strong £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Cash and cash equivalents	0.000	25.003	46.655	0.000	0.000	0.000	71.658
Investments	0.000	190.520	15.120	0.000	77.815	0.000	283.455
Trade Debtors and Transferred Debt	0.000	0.000	0.000	0.000	0.000	25.780	25.780
Total Net Carrying Amount	**0.000**	**215.523**	**61.775**	**0.000**	**77.815**	**25.780**	**380.893**

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated Not Strong £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Loss Allowance is measured at 12-month expected credit losses because:							
There has been no significant increase in credit risk since initial recognition	0.000	0.000	61.800	0.000	0.000	0.000	**61.800**
Loss Allowance is measured at lifetime expected credit losses because:							
Credit risk has increased significantly since initial recognition	0.000	0.000	0.000	0.000	0.508	0.000	**0.508**
Financial assets have become credit impaired	0.000	0.000	0.000	0.000	12.325	0.000	**12.325**
Allowed under the simplified approach, i.e. Trade Debtors	0.000	0.000	0.000	0.000	0.000	19.590	**19.590**
No Loss Allowance as relevant statutory provisions prevent default:							
Counterparty is Central Government or another local authority	0.000	215.523	0.000	0.000	0.000	10.386	**225.909**
No Loss Allowance, Other:							
Financial assets measured at Fair Value	0.000	0.000	0.000	0.000	66.264	0.000	**66.264**
Total Gross Carrying Amount	**0.000**	**215.523**	**61.800**	**0.000**	**79.097**	**29.976**	**386.396**
Loss Allowances	0.000	0.000	(0.026)	0.000	(1.283)	(4.196)	**(5.505)**
Total Net Carrying Amount	**0.000**	**215.523**	**61.774**	**0.000**	**77.814**	**25.780**	**380.891**

The past due amount for trade debtors can be analysed by age as follows:

	31 Mar 2020 £m	31 Mar 2021 £m
Less than three months	14.995	17.124
Three to six months	2.401	1.708
Six months to one year	2.796	2.934
More than one year	7.109	7.688
Total	**27.301**	**29.454**

The gross value of trade debtors, excluding other local authorities and central government departments and agencies, is analysed as follows:

	Gross Value of Trade Debtors 31 Mar 2021 £m
Finance Lease Receivables	0.213
Contract Assets	0.271
0 - 30 Days	6.440
Over 30 Days	12.666
Debtors Excluding Other Local Authorities and Government	**19.590**

A loss allowance for these financial assets is recognised based on the gross value of trade debtors which are more than 30 days past due and which have been or are expected to be referred for review by the Council's Legal Services department or under the Care Act (2014). A non-recovery rate based on the historical success rate of recovering such debt, once referred, along with a factor to reflect the prevailing economic conditions, is applied to the gross value of referred debt to determine the amount of the loss allowance. The factor for current market conditions was derived by comparing the expected default rate for 2021 with the historic default rate based on information collated by rating agency Moody's. Although macroeconomic conditions are forecast to improve in 2021, compared to 2020, it is still anticipated that the Covid-19 pandemic will continue have effects on the economy, with the potential to impact on the Council's ability to recover debt.

Department / Debt Category	Trade Debtors Over 30 Days £m	Referred Debt * £m	Expected Non-Recovery Rate %	Factor for Current Economic Conditions ** %	General Loss Allowance £m	Specific Loss Allowance £m	Total Loss Allowance £m
Adult Care - Secured Over Property	3.843	0.000	0%	131%	0.000	0.000	**0.000**
Adult Care Other - Over 1 Year	2.817	2.817	61%	131%	2.266	0.000	**2.266**
Adult Care Other - 1 Year or Under	2.662	2.662	37%	131%	1.302	0.000	**1.302**
Other	3.345	0.766	37%	131%	0.375	0.255	**0.630**
Total	**12.667**	**6.245**			**3.943**	**0.255**	**4.198**

* Referred debt has been, or is expected to be, referred to Legal Services or reviewed under the Care Act (2014)

** The adjustment for economic conditions is restricted in order that the loss allowance does not exceed 100% of the value of the debt

Whilst expected credit losses relating to trade debtors are measured on a collective basis, those relating to other financial assets are determined on a case by case basis.

Reconciliation of Credit Loss Allowances

A reconciliation of the opening and closing balances of the allowances recognised for potential credit losses on the Council's financial assets for the year ended 31 March 2021 is provided as follows:

	Balance at start of year £m	Increase due to recognition of new Financial Assets £m	Decrease due to de-recognition of Financial Assets £m	Change due to modification of cash flows of the Financial Assets £m	Due to change in Average Default Rates £m	Due to change in significance of credit risk £m	Balance at end of year £m
Measured at 12-month expected credit losses where:							
There has been no significant increase in credit risk since initial recognition	**0.036**	0.023	(0.029)	0.000	(0.004)	0.000	**0.026**
Measured at lifetime expected credit losses where:							
Credit risk has increased significantly since initial recognition	**1.227**	0.056	0.000	0.000	0.000	(1.233)	**0.050**
Financial assets have become credit impaired	**0.000**	0.000	0.000	0.000	0.000	1.233	**1.233**
Allowed under the simplified approach i.e. Debtors	**5.165**	0.234	0.000	0.000	(1.203)	0.000	**4.196**
Total Loss Allowance	**6.428**	**0.313**	**(0.029)**	**0.000**	**(1.207)**	**0.000**	**5.505**

£1.223m of expected credit losses relate to the loan to Buxton Crescent Limited. The Council agreed to write-off £0.566m of interest accruing on this loan in 2020-21, therefore this financial asset is now deemed to be credit impaired.

There were no modifications to the cash flows of the Council's financial assets during the year.

12-month expected credit losses are based on the following inputs and assumptions:

- The value of the principal on maturity.
- The coupon interest rate of the loan receivable.
- The average probability of default in the next 12 months for that grade of investment, as determined by the major ratings agencies. This has been adjusted for current market conditions based on the ratio of the expected default rate for 2021 compared to the historic rate of default collated by rating agency Moody's.
- The expected loss, given default, is assumed to be 56% (Moody's unsecured).
- In the event of default, the recoverable amount is expected to be received two years later than the due date.

Lifetime expected credit losses are based on the following inputs and assumptions:

- The value of the principal on maturity.
- The probability of default for that grade of investment, and the expected loss given default (Moody's).

Forward-looking information is incorporated into the determination of expected credit losses:

- For specific investments – by reference to the investment grade provided by the rating agency Moody's and by considering the forecast default rates for the year compared to historical rates of default.
- For trade debtors – by considering the value of additional debt that is likely to be referred in addition to that which has already been referred for review and by considering the forecast default rates for the year compared to historical rates of default.

The Council does not hold any collateral as security or any other credit enhancements against the loans it has issued.

Liquidity risk
The Council manages a comprehensive cash flow management system. This seeks to ensure that cash is available when it is needed. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The contractual maturity for short term and long-term borrowing is as follows:

	31 Mar 2021 £m
Less than one year	(88.000)
Between one and two years	(7.320)
Between two and five years	(9.081)
Between five and ten years	(35.546)
More than ten years	(191.620)
	(331.567)

Interest rate risk
Within the Annual Treasury Management Strategy maximum limits are set for fixed and variable interest rate exposure. The interest rate profile of financial assets and liabilities is as follows:

	Total £m	Non-interest bearing £m	Variable or Fixed <1 year £m	Fixed > 1 year £m	Fixed rate: Weighted average int rate (%)	Fixed rate: Weighted average period (years)
Financial assets	**329.441**	1.000	272.848	55.593	1.50	1
Financial liabilities	**(331.567)**	0.000	(88.000)	(243.567)	3.47	17

A 1% change in interest rates would have the following impact:

	Impact on provision of services £m	Impact on net worth £m
Increase by 1% (100 basis points)	1.390	41.238
Decrease by 1% (100 basis points)	(1.390)	(41.238)

50. COVID-19

In 2020-21, the gross cost to the Council in respect of the Covid-19 pandemic was £81.428m, before Covid-19 specific recharge and grant income and Covid-19 general grant income. The table below details these gross costs, by Service Area and by Council Portfolio. The Council Portfolio abbreviations used are expanded in full in the Comprehensive Income and Expenditure Statement.

	Covid-19 Gross Costs by Portfolio								
Service Area	**AC £m**	**CGR £m**	**CS £m**	**HC £m**	**HTI £m**	**SLCT £m**	**YP £m**	**Corporate Budgets £m**	**TOTAL £m**
Income Losses									
Highways and Transport Sales, Fees & Charges (SFC) - Parking services losses	0.000	0.000	0.000	0.000	0.221	0.000	0.000	0.000	**0.221**
Highways and Transport Sales, Fees & Charges (SFC) losses - other	0.000	0.000	0.000	0.000	0.556	0.000	0.000	0.000	**0.556**
Cultural & Related (SFC) - Recreation and sport losses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cultural & Related (SFC) losses - other	0.000	0.000	0.000	0.000	0.000	0.216	0.000	0.000	**0.216**
Planning & Development SFC losses	0.000	0.000	0.000	0.000	0.034	0.000	0.000	0.000	**0.034**
SFC income losses - other	1.115	0.037	1.003	0.800	0.260	0.030	2.405	0.000	**5.650**
Sales, Fees & Charges (SFC) income losses sub-total	**1.115**	**0.037**	**1.003**	**0.800**	**1.071**	**0.246**	**2.405**	**0.000**	**6.677**
Commercial Income losses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.931	**0.931**
Other income losses	0.000	0.000	0.588	0.000	0.102	0.000	0.000	0.000	**0.690**
Other non-collection fund losses sub-total	**0.000**	**0.000**	**0.588**	**0.000**	**0.102**	**0.000**	**0.000**	**0.931**	**1.621**
Total Income Losses	**1.115**	**0.037**	**1.591**	**0.800**	**1.173**	**0.246**	**2.405**	**0.931**	**8.298**

Service Area	AC £m	CGR £m	CS £m	HC £m	HTI £m	SLCT £m	YP £m	Corporate Budgets £m	TOTAL £m
	Covid-19 Gross Costs by Portfolio								
Costs									
Adult Social Care – additional demand	35.449	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**35.449**
Adult Social Care – supporting the market	4.258	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**4.258**
Adult Social Care – workforce pressures	3.913	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**3.913**
Adult Social Care - Personal protective equipment (PPE)	3.891	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**3.891**
Adult Social Care - other	0.251	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.251**
Adult Social Care sub-total	**47.762**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**47.762**
Children’s Social Care – workforce pressures	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Children's Social Care - residential care	0.000	0.000	0.000	0.000	0.000	0.000	2.399	0.000	**2.399**
Children's Social Care - care leavers	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Children’s Services - other	0.000	0.000	0.000	0.000	0.000	0.000	2.687	0.000	**2.687**
Children's Social Care sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**5.086**	**0.000**	**5.086**
Education - SEND	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Education - Home to school transport	0.000	0.000	0.000	0.000	0.000	0.000	0.866	0.000	**0.866**
Education - other	0.000	0.000	0.000	0.000	0.000	0.000	0.375	0.000	**0.375**
Education sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**1.241**	**0.000**	**1.241**
Highways and Transport	**0.000**	**0.000**	**0.000**	**0.000**	**1.069**	**0.000**	**0.000**	**0.000**	**1.069**

Service Area	Covid-19 Gross Costs by Portfolio								
	AC £m	CGR £m	CS £m	HC £m	HTI £m	SLCT £m	YP £m	Corporate Budgets £m	TOTAL £m
Costs									
Public Health - Testing, contact tracing and outbreak planning	0.000	0.000	0.000	5.722	0.000	0.000	0.000	0.000	**5.722**
Public Health - Other	0.000	0.000	0.000	1.018	0.000	0.000	0.000	0.000	**1.018**
Public Health sub-total	**0.000**	**0.000**	**0.000**	**6.740**	**0.000**	**0.000**	**0.000**	**0.000**	**6.740**
Housing - homelessness services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Housing - rough sleeping	0.000	0.000	0.000	0.000	0.000	0.250	0.000	0.000	**0.250**
Housing - other excluding HRA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Housing sub total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.250**	**0.000**	**0.000**	**0.250**
Cultural & related - Sports, leisure and community facilities	0.000	0.000	0.000	0.000	0.000	0.082	0.000	0.000	**0.082**
Cultural & related - other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cultural & related sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.082**	**0.000**	**0.000**	**0.082**
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths	0.000	0.000	0.033	0.000	0.000	0.000	0.000	0.000	**0.033**
Environment & regulatory - waste management	0.000	0.000	0.000	0.000	3.563	0.000	0.000	0.000	**3.563**
Environment & regulatory - other	0.000	0.496	0.000	0.031	0.048	0.001	0.000	0.000	**0.576**
Environment & regulatory - sub-total	**0.000**	**0.496**	**0.033**	**0.031**	**3.611**	**0.001**	**0.000**	**0.000**	**4.172**

	Covid-19 Gross Costs by Portfolio								
Service Area	AC £m	CGR £m	CS £m	HC £m	HTI £m	SLCT £m	YP £m	Corporate Budgets £m	TOTAL £m
Costs									
Finance & corporate - ICT & remote working	0.000	0.000	0.112	0.005	0.000	0.000	0.000	0.000	**0.117**
Finance & corporate - Revenue & benefits expansion	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Finance & corporate - other	0.000	0.000	2.323	0.071	0.000	0.196	0.078	0.000	**2.668**
Finance & corporate - sub-total	**0.000**	**0.000**	**2.435**	**0.076**	**0.000**	**0.196**	**0.078**	**0.000**	**2.785**
Other - Shielding	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - PPE (non-Adult Social Care and HRA)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - unachieved savings/delayed projects	0.662	0.000	0.000	0.000	0.630	0.375	1.210	0.652	**3.529**
Other – lockdown compliance and reopening costs (incl. enforcement)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - Domestic Abuse Services	0.000	0.000	0.000	0.190	0.000	0.000	0.000	0.000	**0.190**
Other - Elections	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - excluding service areas listed above	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.224	**0.224**
Other - sub-total	**0.662**	**0.000**	**0.000**	**0.190**	**0.630**	**0.375**	**1.210**	**0.876**	**3.943**
Total Costs	**48.424**	**0.496**	**2.468**	**7.037**	**5.310**	**0.904**	**7.615**	**0.876**	**73.130**
A **Total Gross Costs and Income Losses**	**49.539**	**0.533**	**4.059**	**7.837**	**6.483**	**1.150**	**10.020**	**1.807**	**81.428**

The table below sets out how the Council's Covid-19 pandemic 2020-21 gross costs of £81.428m, by Service Area, have been fully funded, using £47.639m of available Covid-19 specific recharge and grant income, with the balance of £33.789m funded using the Council's general Covid-19 emergency funding for Local Government receivable for 2020-21 of £45.037m. The remaining balance of the Covid-19 general emergency funding at 31 March 2021, amounting to £11.248m, has been carried forward to 2021-22 in an earmarked reserve.

	Covid-19 Costs and Funding					
	Gross Costs	Offsets	Covid-19 Emergency Funding for Local Government			
Service Area	**TOTAL £m**	**Specific Re-charges and Grant Income £m**	**Used in 2020-21 £m**	**Carried Forward to 2021-22 £m**	**TOTAL £m**	**%**
Income Losses						
Highways and Transport Sales, Fees & Charges (SFC) - Parking services	**0.221**	0.000	**0.221**	0.000	**0.221**	0.49%
Highways and Transport Sales, Fees & Charges (SFC) losses - other	**0.556**	0.000	**0.556**	0.000	**0.556**	1.23%
Cultural & Related (SFC) - Recreation and sport losses	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Cultural & Related (SFC) losses - other	**0.216**	0.000	**0.216**	0.000	**0.216**	0.48%
Planning & Development SFC losses	**0.034**	0.000	**0.034**	0.000	**0.034**	0.08%
SFC income losses - other	**5.650**	(2.349)	**3.301**	0.000	**3.301**	7.33%
Sales, Fees & Charges (SFC) income losses sub-total	**6.677**	**(2.349)**	**4.328**	**0.000**	**4.328**	**9.61%**
Commercial Income losses	**0.931**	0.000	**0.931**	0.000	**0.931**	2.07%
Other income losses	**0.690**	0.000	**0.690**	0.000	**0.690**	1.53%
Other non-collection fund losses sub- total	**1.621**	**0.000**	**1.621**	**0.000**	**1.621**	**3.60%**
Total Income Losses	**8.298**	**(2.349)**	**5.949**	**0.000**	**5.949**	**13.21%**

	Covid-19 Costs and Funding					
	Gross Costs	Offsets	Covid-19 Emergency Funding for Local Government			
Service Area	**TOTAL £m**	**Specific Re-charges and Grant Income £m**	**Used in 2020-21 £m**	**Carried Forward to 2021-22 £m**	**TOTAL £m**	**%**
Costs						
Adult Social Care – additional demand	**35.449**	(32.608)	**2.841**	0.000	**2.841**	6.31%
Adult Social Care – supporting the market	**4.258**	0.000	**4.258**	0.000	**4.258**	9.45%
Adult Social Care – workforce pressures	**3.913**	(1.813)	**2.100**	0.000	**2.100**	4.66%
Adult Social Care - Personal protective equipment (PPE)	**3.891**	0.000	**3.891**	0.000	**3.891**	8.64%
Adult Social Care - other	**0.251**	0.000	**0.251**	0.000	**0.251**	0.56%
Adult Social Care sub-total	**47.762**	**(34.421)**	**13.341**	**0.000**	**13.341**	**29.62%**
Children’s Social Care – workforce pressures	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Children's Social Care - residential care	**2.399**	0.000	**2.399**	0.000	**2.399**	5.33%
Children's Social Care - care leavers	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Children’s Services - other	**2.687**	(2.687)	**0.000**	0.000	**0.000**	0.00%
Children's Social Care sub-total	**5.086**	**(2.687)**	**2.399**	**0.000**	**2.399**	**5.33%**
Education - SEND	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Education - Home to school transport	**0.866**	(0.866)	**0.000**	0.000	**0.000**	0.00%
Education - other	**0.375**	(0.110)	**0.265**	0.000	**0.265**	0.59%
Education sub-total	**1.241**	**(0.976)**	**0.265**	**0.000**	**0.265**	**0.59%**
Highways and Transport	**1.069**	**(0.443)**	**0.626**	**0.000**	**0.626**	**1.39%**
Public Health - Testing, contact tracing and outbreak planning	**5.722**	(5.722)	**0.000**	0.000	**0.000**	0.00%
Public Health - Other	**1.018**	(1.018)	**0.000**	0.000	**0.000**	0.00%
Public Health sub-total	**6.740**	**(6.740)**	**0.000**	**0.000**	**0.000**	**0.00%**
Housing - homelessness services	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Housing - rough sleeping	**0.250**	0.000	**0.250**	0.000	**0.250**	0.56%
Housing - other excluding HRA	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Housing sub-total	**0.250**	**0.000**	**0.250**	**0.000**	**0.250**	**0.56%**

	Covid-19 Costs and Funding					
	Gross Costs	Offsets	Covid-19 Emergency Funding for Local Government			
Service Area	TOTAL £m	Specific Re-charges and Grant Income £m	Used in 2020-21 £m	Carried Forward to 2021-22 £m	TOTAL £m	%
Cultural & related - Sports, leisure and community facilities	**0.082**	(0.023)	**0.059**	0.000	**0.059**	0.13%
Cultural & related - other	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Cultural & related sub-total	**0.082**	**(0.023)**	**0.059**	**0.000**	**0.059**	**0.13%**
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths	**0.033**	0.000	**0.033**	0.000	**0.033**	0.07%
Environment & regulatory - waste management	**3.563**	0.000	**3.563**	0.000	**3.563**	7.91%
Environment & regulatory - other	**0.576**	0.000	**0.576**	0.000	**0.576**	1.28%
Environment & regulatory - sub-total	**4.172**	**0.000**	**4.172**	**0.000**	**4.172**	**9.26%**
Finance & corporate - ICT & remote working	**0.117**	0.000	**0.117**	0.000	**0.117**	0.26%
Finance & corporate - Revenue & benefits expansion	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Finance & corporate - other	**2.668**	0.000	**2.668**	0.000	**2.668**	5.92%
Finance & corporate - sub-total	**2.785**	**0.000**	**2.785**	**0.000**	**2.785**	**6.18%**
Other - Shielding	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Other - PPE (non-Adult Social Care and HRA)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Other - unachieved savings/delayed projects	**3.529**	0.000	**3.529**	0.000	**3.529**	7.84%
Other – lockdown compliance and reopening costs (incl. enforcement)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Other - Domestic Abuse Services	**0.190**	0.000	**0.190**	0.000	**0.190**	0.42%
Other - Elections	**0.000**	0.000	**0.000**	0.000	**0.000**	0.00%
Other - excluding service areas listed above	**0.224**	0.000	**0.224**	11.248	**11.472**	25.47%
Other - sub-total	**3.943**	**0.000**	**3.943**	**11.248**	**15.191**	**33.73%**
Total Costs	**73.130**	**(45.290)**	**27.840**	**11.248**	**39.088**	**86.79%**
A **Total Gross Costs and Income Losses**	**81.428**	**(47.639)**	**33.789**	**11.248**	**45.037**	**100.00%**

The table below gives details of the £47.639m of Covid-19 specific recharges and grant income receivable by the Council in 2020-21, used to partially offset the Council's Covid-19 gross costs in 2020-21 of £81.428m, by Council portfolio. It also shows that the balance of 2020-21 Covid-19 gross costs by Council portfolio, amounting to £33.789m, has been funded using the Council's general Covid-19 emergency funding for Local Government receivable for 2020-21 of £45.037m. The Council portfolio abbreviations used are expanded in full in the Comprehensive Income and Expenditure Statement.

		Covid-19 Funding by Portfolio								
		AC £m	CGR £m	CS £m	HC £m	HTI £m	SLCT £m	YP £m	Corporate Budgets £m	TOTAL £m
A	**Total Gross Costs and Income Losses**	**49.539**	**0.533**	**4.059**	**7.837**	**6.483**	**1.150**	**10.020**	**1.807**	**81.428**
	Offsets: Specific Recharges and Grant Income									
	Active Travel Fund: Cycle and Pedestrian temporary works	0.000	0.000	0.000	0.000	(0.443)	0.000	0.000	0.000	**(0.443)**
	Additional Care Package Costs (Hospital Discharge) Recharged to Health	(14.317)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(14.317)**
	Additional School and College Transport Capacity Funding	0.000	0.000	0.000	0.000	0.000	0.000	(0.866)	0.000	**(0.866)**
	Bridging between Two Worlds Museum Grant	0.000	0.000	0.000	0.000	0.000	(0.023)	0.000	0.000	**(0.023)**
	Contain Outbreak Management Fund and Mass Community Testing	0.000	0.000	0.000	(2.820)	0.000	0.000	0.000	0.000	**(2.820)**
	Critically Extremely Vulnerable (CEV) Individuals Support Grant	0.000	0.000	0.000	(0.209)	0.000	0.000	0.000	0.000	**(0.209)**
	Emergency Assistance Grant	0.000	0.000	0.000	(0.809)	0.000	0.000	0.000	0.000	**(0.809)**
	Infection Control Fund	(18.291)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(18.291)**
	Rapid Testing Fund	0.000	0.000	0.000	(2.426)	0.000	0.000	0.000	0.000	**(2.426)**
	Sales Fees and Charges Compensation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(2.349)	**(2.349)**
	Test and Trace Grant	0.000	0.000	0.000	(0.476)	0.000	0.000	0.000	0.000	**(0.476)**
	Wellbeing for Education Return Grant	0.000	0.000	0.000	0.000	0.000	0.000	(0.110)	0.000	**(0.110)**
	Winter Grant Scheme	0.000	0.000	0.000	0.000	0.000	0.000	(2.687)	0.000	**(2.687)**
	Workforce Capacity Fund	(1.813)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(1.813)**
B	**Total Offsets**	**(34.421)**	**0.000**	**0.000**	**(6.740)**	**(0.443)**	**(0.023)**	**(3.663)**	**(2.349)**	**(47.639)**
A + B	**Covid-19 Emergency Funding for Local Government used in 2020-21**	**15.118**	**0.533**	**4.059**	**1.097**	**6.040**	**1.127**	**6.357**	**(0.542)**	**33.789**

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51. SUBSEQUENT EVENTS

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

ACCOUNTING POLICIES

INTRODUCTION

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

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

This document outlines how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2020-21 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 POLICIES

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 2020-21 (SerCOP).

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

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

1.4. **Value Added Tax**

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

1.5. **Changes in Accounting Policy**

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

- The nature of the change in accounting policy.

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

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

1.6. Prior Year Adjustments

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

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

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

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

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

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

1.7. Unidentified Income

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

1.8. **Events after the Balance Sheet Date**

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

1.9. **Exceptional Items**

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

1.10. **Contingent Assets and Liabilities**

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

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

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

CAPITAL ACCOUNTING

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

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

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

and defines them as:-

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

The initial measurement of an asset is recognised to be:

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

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

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

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

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

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

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

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

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

1.12. **Donated Assets**

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

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

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

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

1.13. **Non-Current Asset Classification**

The Council manages its assets in the following categories:

- **Intangible Assets**

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

- **Property, Plant and Equipment Assets**

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

  - Land and/or Buildings Assets.

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

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

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

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

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

- Vehicles, Plant Furniture and Equipment Assets and Assets Under Construction
  These assets are also classified as Property Plant and Equipment where they do not meet the criteria for Investment Property Assets or Assets Held for Sale.

- Non-Operational (Surplus) Assets
  Surplus assets 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.

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

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

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

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

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

1.14. Non-Current Asset Valuation Methodology

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

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

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

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

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

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

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

- Depreciated replacement cost – specialised assets
- Existing use value – non-specialised assets
- Existing use value – social housing

Fair value for the following assets:

- Investment assets
- Surplus assets
- Assets Held for Sale (less costs to sell)

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

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

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

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

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

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

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

Valuations are completed under the Code as follows:

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

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

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

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

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

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

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

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

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

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

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

The Council recognises impairment as:

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

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

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

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

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

1.17. **Depreciation / Amortisation Methodology**

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

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

The economic lives of assets are:

- **Intangible Assets –** 5 years.

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

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

- **Investment Property Assets –** not depreciated

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

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

1.18. **Leases**

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

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

1.19. **Defining a Finance Lease**

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

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

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

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

1.20. **Defining an Operating Lease**

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

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

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

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

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

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

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

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

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

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

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

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

PFI Credits are treated as general revenue government grants.

1.25. **Capital Grants and Contributions**

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

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

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

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

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

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

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

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

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

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

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

1.28. **Capital Reserves**

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

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

REVENUE ACCOUNTING

1.29. **Recognition of Revenue Expenditure**

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

1.30. **Employee Costs**

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

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

Short Term Employee Benefits

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

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

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

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

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

Income and Expenditure Statement and a creditor accrual is reflected in the Balance Sheet.

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

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

Termination Benefits

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

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

Pensions Costs

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

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

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

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

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

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

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

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

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

1.32. **Revenue Grants and Contributions**

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

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

1.33. **Income from Service Recipients**

Income from service recipients is defined as consideration that a party, which has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activities. Such a contract may be in writing, orally or in accordance with customary business practices. These may include:

- Charges for service provided by the Council.
- Sale of goods provided by the Council.
- Fees and charges for services under statutory requirements where there is an exchange of assets or services, such as the issuing of a licence or processing of an application.

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

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

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

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

1.34. **Provisions**

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

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

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

The Council does not hold any general provisions.

1.35. **Revenue Reserves**

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

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

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

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

1.36. **Research Costs**

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

1.37. **Members' Allowances**

The Council in exercise of the powers and duties conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, has established a Members Allowance Scheme, outlining the allowances payable to Members of the Council.
Members are reminded of the need to keep detailed supporting information, such as a diary, about every attendance for which they claim. This information should be

available for scrutiny by the Council's Auditors or other relevant persons as and when required. The scheme is updated annually, and full details are available on the Council's website.

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

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

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

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

1.39. **Inventories and Work in Progress**

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

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

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

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

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

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

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

- Firstly, whether there is evidence of a significant increase for an individual debtor or investment that is significant, and

- Secondly, whether there is evidence of a significant increase for groups of similar debtors or investments.

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

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

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

TREASURY MANAGEMENT

1.41. **Definition of Treasury Management Activities**

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

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

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

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

1.42. **Cash and Cash Equivalents**

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

1.43. **Financial Liabilities**

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

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

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

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

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

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

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

1.44. **Financial Assets**

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

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

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

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

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

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

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

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

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

Values are based on the following principles:

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

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

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

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

Values are based on the following principles:

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

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

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

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

Audit Opinion to be inserted

Audit Opinion to be inserted

Audit Opinion to be inserted

AUDITOR’S OPINION – DERBYSHIRE COUNTY COUNCIL ACCOUNTS

Audit Opinion to be inserted

Public

Pre-Audit
Statement of Accounts
Derbyshire Pension Fund
2020-21

Version History			
Vsn	**Date**	**Detail**	**Author**
1.0	10.06.21	Pre-audit DPF accounts for signature and publication	E Scriven R Dosanjh

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

PENSION FUND ACCOUNTS
EXPLANATORY FOREWORD

Derbyshire County Council administers the Local Government Pension Scheme (LGPS) for employees, pensioners and dependents of a variety of bodies in Derbyshire, including: Councils; Police and Fire Authorities (for civilian employees); the University of Derby, Colleges and Academies (non-teaching staff); Charities and some private companies providing services to local councils.

Derbyshire Pension Fund (the Fund) has over 330 participating employers and over 100,000 membership records, relating to approximately 90,000 members, either active contributors, pensioners or deferred pensioners (people who have stopped paying into the scheme but are not yet receiving a pension).

The benefits payable to members within the Fund are determined by regulations and are guaranteed. Assets in the Fund meet members' benefit payments when they fall due and are accumulated through a combination of contributions from employees and employers within the Fund and from investment returns (both income and capital). The Fund continues to be cashflow positive, with combined contributions and investment income exceeding benefit payments on an annual basis.

During the year, an updated Investment Strategy Statement was approved by the Pensions and Investments Committee, together with an inaugural Responsible Investment Framework and an inaugural Climate Strategy.

At the end of March 2021, the value of the Fund's assets had risen to just under £5.7bn, with the Fund achieving positive investment returns in each quarter of 2020-21. Over the first half of the year, investment returns were helped by the unprecedented levels of monetary and fiscal stimulus announced globally in response to the coronavirus pandemic, despite significant uncertainty about the Covid-19 pandemic's public health and economic implications. In the second half of the year, markets were supported by the successful development of Covid-19 vaccines. Global equity indices achieved successive all-time highs in the third and fourth quarters of 2020-21, as investors forecast that a rapid economic recovery would take hold in 2021. The Fund delivered a positive investment return of 21% for the year ended 31 March 2021.

The Fund continued to work closely with its partners in the LGPS Central Pool, overseeing the development of LGPS Central Limited (LGPSC), the company established to manage investments on behalf of the LGPS Central Pool. LGPSC is currently managing the Fund's investment grade bonds allocation through a pooled product, and subsequent to the year-end, the Fund has begun to transition its legacy emerging market equity portfolio into an LGPSC pooled product. The Fund expects further assets to be transitioned into LGPSC pooled products in 2021-22.

The rollout of the i-Connect system, which enables employers to automate the submission of their data, continued during 2020-21, with over half of the Fund's employers live on the system by the year end. The project to implement My Pension Online, a member self-service system, commenced.

A separate Annual Report is produced for the Fund which, in addition to the Fund's accounts, includes the governance arrangements for the Fund, detailed performance information and the Fund's approved policy statements. The Annual Report is available on Derbyshire Pension Fund's website:
https://derbyshirepensionfund.org.uk/about-the-fund/annual-report/annual-report.aspx

Membership Statistics

The Fund has over 100,000 membership records, relating to approximately 90,000 members, either active contributors, pensioners, or deferred pensioners:

	Actuals		
	31 Mar 2019	**31 Mar 2020**	**31 Mar 2021**
Contributors	41,157	40,125	38,065
Pensioners and Dependants	30,024	31,548	32,463
Deferred Pensioners	31,136	33,164	32,427

Employers' Contributions

Employers pay pension contributions into the Fund. The contribution rates payable by the County, Unitary and District Councils expressed as a percentage of pensionable payroll and fixed cash amounts are:

Council	2020-21	2021-22
Derbyshire County Council	15.5% plus £15.536m	15.5% plus £15.536m
Derby City Council	14.5% plus £6.981m	14.5% plus £6.981m
Amber Valley Borough Council	15.0% plus £1.057m	15.0% plus £1.057m
Bolsover District Council	14.9% plus £0.962m	14.9% plus £0.962m
Chesterfield Borough Council	15.2% plus £1.991m	15.2% plus £1.991m
Derbyshire Dales District Council	14.6% plus £0.561m	14.6% plus £0.561m
Erewash Borough Council	14.1% plus £0.999m	14.1% plus £0.999m
High Peak Borough Council	13.4% plus £1.833m	13.4% plus £1.833m
North East Derbyshire District Council	14.7% plus £1.527m	14.7% plus £1.527m
South Derbyshire District Council	14.8% plus £0.678m	14.8% plus £0.678m

The percentage rates that were determined by the Actuary in the valuation of the Fund at 31 March 2019, for 2020-21 to 2022-23, are intended to cover the cost of future service of active Fund members, with the past service deficit being addressed by an annual fixed cash amount.

Members' Contributions

For 2020-21 the contribution rates payable by members into the Fund are determined by The Local Government Pension Scheme 2013 Regulations. The rates are between 5.5% and 12.5% of members' pay, including non-contractual overtime, depending on their pay banding. There is no change to these rates for 2021-22.

Investment Policy

During 2020-21, responsibility for policy matters rested with a Pensions and Investments Committee, which was comprised of eight County Councillors, two Derby City Councillors and one non-voting Trade Union representative. The Pensions and Investments Committee received advice from the Director of Finance & ICT and from one independent external adviser.

Day-to-day management of the Fund is delegated to the Director of Finance & ICT and his in-house staff, operating within a policy framework laid down by the Committee.

Policy is determined by reference to The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which require that advice is taken at regular intervals and place an onus on administering authorities to determine the balance of their investments and take account of risk.

The Fund has a central (strategic) benchmark asset allocation which is designed to meet the performance requirements for the level of risk agreed by the Pensions and Investments Committee. The Fund's benchmark asset allocation was changed on 1 January 2021, following changes to the Fund's Investment Strategy Statement approved in November 2020, together with the development of a standalone Responsible Investment Framework and Climate Strategy. The new asset allocation benchmark included a 2% switch from Growth Assets to Income Assets, together with some of the Fund's regional equity allocations being switched into Global Sustainable Equities. Given the size of the changes between the former and new asset allocation benchmark, the transition is split into two phases, through an intermediate asset allocation benchmark, which came into effect on 1 January 2021, and a final asset allocation benchmark, which will come into effect on 1 January 2022, at the latest. The Pensions and Investments Committee has a degree of flexibility around the central benchmark allocation and decides the specific allocations (weights) for each asset class at its quarterly meetings. In the table below, the column showing the benchmark return is what would have been achieved via neutrally weighted index returns, whereas the actual Fund returns are a function of both active asset allocation and active stock selection decisions.

Investment Returns

The table below shows the Fund's returns over 1, 3, 5 and 10 years to 31 March 2021, compared to those of its strategic benchmark, as well as the impact of inflation on Fund returns.

	Return		Inflation		Fund Real Return	
Periods to 31 Mar 2021	Derbyshire Fund	Benchmark	CPI	RPI	Versus CPI Inflation	Versus RPI Inflation
	% pa	% pa	%	%	%	%
1 Year	21.0	20.6	0.7	1.5	20.3	19.5
3 Years	6.8	6.4	1.4	2.2	5.4	4.6
5 Years	9.0	8.4	1.8	2.6	7.2	6.4
10 Years	8.0	7.6	1.9	2.5	6.1	5.5

On a year by year basis, returns tend to fluctuate significantly according to economic and market conditions. Long-term returns are a more appropriate guide to the performance of the Fund.

The Fund out-performed over the one, three, five and ten year periods relative to the benchmark. It is important to note that the Fund delivered real returns over all time periods, with returns ahead of inflation in each time period.

Markets recovered strongly in 2020-21, following the sharp market sell-off in February and March 2020 in response to the Covid-19 pandemic. Whilst the unprecedented economic impact of the containment measures imposed across the globe had a significant impact on global gross domestic product (GDP), the resultant fiscal and monetary response, from national governments and central banks, supported markets. Markets were further boosted in November 2020, when the first announcements regarding the development of effective Covid-19 vaccines were released, together with the outcome of the US Presidential election. The development of effective vaccines offered hope that a return to normality would be achievable.

The Fund’s 2020-21 return of 21.0% compares to a return of -4.7% in 2019-20, reflecting a sharp recovery and a reversal of the Q1 2020 sell-off, when global equities fell by around 16%. In the year to March 2021, equity returns to Sterling investors ranged from 26.3% in Japan, to 44.8% in the Asia Pacific Ex-Japan region. UK equities returned 26.7%. Overseas returns were adversely impacted, on foreign currency translation, by a stronger pound relative to major overseas currencies.

Government bond returns were mixed in 2020-21, as risk appetite increased. Expectations of higher inflation pushed up yields, with UK Gilts returning -5.5% and UK Index-Linked returning 2.3%. The increase in risk appetite led investors to switch from less risky assets (for example, cash and sovereign bonds) into risker assets (for example, investment grade corporate bonds and high-yield bonds). UK investment grade bonds returned 8.9% in 2020-21, whereas Sterling-hedged global high-yield bonds returned 23.3%.

Property (60% direct/30% indirect) returned 2.7% in 2020-21, up from 0.5% in 2019-20. Whilst returns improved in 2020-21, relative to 2019-20, rent collection remained challenging, with many tenants requiring rental assistance, particularly in the retail and leisure sectors.

Actuarial Position of the Fund

Every three years an actuarial valuation of the Fund is undertaken, in accordance with the provisions of The Local Government Pension Scheme Regulations 2013. The purpose of the valuation is to review the funding strategy and ensure that the Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due. A valuation of the Fund was undertaken as at 31 March 2019 and set the level of contributions payable by each participating employer for the three years commencing 1 April 2020.

At 31 March 2019, the Net Assets of the Fund were £4.929bn and the Past Service Liabilities were £5.092bn. The Fund's deficit of £0.163bn is being recovered in accordance with its Funding Strategy Statement, which is available on the Council's website at:
https://www.derbyshirepensionfund.org.uk/about-the-fund/policies-strategies-and-statements/investment-strategy.aspx

The funding level is the Fund's ratio of assets to liabilities at the valuation date. The funding level at the 2019 valuation was 97%, a significant improvement on the funding level at the 2016 valuation of 87%.

It should be noted that the actuary adopted a risk-based approach to determine an appropriate investment return assumption for reporting the whole Fund results at the 2019 valuation, in line with the approach taken for setting contribution rates. The Fund's assets were valued at their market value on the valuation date. On a like-for-like basis of calculation, the funding level at March 2019 would have been approximately 92%.

A number of factors, both positive and negative, impacted on the overall funding level in the 2019 valuation.

The actual investment return on the Fund's assets for the period 31 March 2016 to 31 March 2019 was 33.3%, increasing the market value of the Fund's assets and improved the funding position by £1.219bn over the period. Employers' and members' contributions paid to the Fund in the period improved the funding position by a further £0.509bn.

The accrual of new members' benefits and interest on members' benefits already accrued in the period since the last valuation increased the value of the Fund's liabilities and reduced the funding position by £1.066bn in that same period. Changes in actuarial assumptions reduced the funding position by an additional £0.189bn, with an improvement in longevity assumptions being more than offset by changes in the financial assumptions used to calculate the present value of the Fund's liabilities.

Assumptions used in the March 2019 actuarial valuation:

	Assumption
Benefit Increases (CPI Inflation)	2.30%
Career Average Revalued Earnings (CARE) Revaluation (CPI Inflation)	2.30%
CPI Price Inflation	2.30%
Discount Rate	3.60%
Future Investment Return*	3.60%
Life Expectancy at age 65 - Female - Current Pensioners***	23.7 years
Life Expectancy at age 65 - Female - Future Pensioners**	25.1 years
Life Expectancy at age 65 - Male - Current Pensioners***	21.6 years
Life Expectancy at age 65 - Male - Future Pensioners**	22.6 years
Salary Increases (0.70% over CPI Inflation)	3.00%

* 77% likelihood that the Fund's investments will return at least 3.60% over the next 20 years based on asset projections.
** Future Pensioners are assumed to be aged 45 at the valuation date.
*** Current Pensioners are assumed to be aged 65 at the valuation date.

The contribution rates required have been determined using a "risk based" approach. The level of contribution rate to give an appropriate likelihood of meeting an employer's funding target, within the agreed timeframe, is determined for each employer. The full rate of an employer's contribution provides for the cost of year-by-year accrual of benefits in respect of current Fund members and the amount required to meet a shortfall in respect of the assets required for pensions in payment (including those payable to survivors of former members) and benefits accrued by other members, which will become payable in the future (known as a past service deficiency).

Further Information

Derbyshire Pension Fund's Investment Strategy Statement, Funding Strategy Statement, Actuarial Valuation Report, Governance Compliance Statement, Communications Policy Statement and Annual Report are available on the Derbyshire Pension Fund's website at http://www.derbyshirepensionfund.org.uk .

FUND ACCOUNT

2019-20 £m		Note	2020-21 £m
	Dealings with Members, Employers and Others Directly Involved in the Fund		
160.457	Contributions	6,23	190.806
11.195	Transfers in from Other Pension Funds	7	14.461
171.652			**205.267**
(172.634)	Benefits	8,23	(173.458)
(17.676)	Payments to and on Account of Leavers	9	(10.858)
(190.310)			**(184.316)**
(18.658)	**Net (Reductions)/Additions from Dealings with Members, Employers and Others Directly Involved in the Fund**		**20.951**
(30.104)	Management Expenses	10	(30.360)
(48.762)	**Net (Withdrawals) Including Fund Management Expenses**		**(9.409)**
	Returns on Investments		
93.983	Investment Income	11	57.404
(0.037)	Taxes on Income	12	(0.236)
(316.288)	Profits and Losses on Disposal of Investments and Changes in Value of Investments	13	982.834
(222.342)	**Return on Investments**		**1,040.002**
(271.104)	**Net (Decrease)/Increase in the Net Assets Available for Benefits During the Year**		**1,030.593**
4,928.587	Opening Net Assets of the Fund		4,657.483
4,657.483	**Closing Net Assets of the Fund**		**5,688.076**

NET ASSETS STATEMENT

31 Mar 2020 £m		Note	31 Mar 2021 £m
4,640.864	Investment Assets	13-15	5,652.107
(8.768)	Investment Liabilities	13-15	(4.148)
31.420	Current Assets	17	49.185
(6.033)	Current Liabilities	18	(9.068)
4,657.483	**Net Assets of the Scheme Available to Fund Benefits at the Period End**		**5,688.076**

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 22 of these accounts.

Derbyshire Pension Fund ("the Fund") is administered by Derbyshire County Council and is governed by Local Government Pension Scheme Regulations and associated pension legislation. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended).
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a funded defined benefit scheme, administered locally by the Council on behalf of its own employees (except teachers, former NHS employees and new employees working in Public Health, for whom separate pension arrangements apply), Unitary and District Council employees within Derbyshire and employees of other bodies who are specifically authorised by the Regulations. On 1 April 2014, the Fund, which had previously been a final salary scheme, became a Career Average Revalued Earnings (CARE) scheme.

1. Basis of preparation

The accounts have been prepared on a going concern basis, in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), which require the Fund's accounts to comply with IAS 26 Accounting and Reporting by Retirement Benefit Plans, subject to the interpretations and adaptations for the Public Sector detailed in the Code and the Statement of Recommended Practice 2015 ("SORP"): Financial Reports of Pension Schemes insofar as it is relevant.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 22 of these accounts.

The amount of separately invested Additional Voluntary Contributions ("AVCs") paid by members during the year and their value at the net assets statement date are not included in the Pension Fund financial statements in accordance with Regulation 4 (1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

2. Accounting policies

Contributions
Employee contributions are accounted for when deducted from members' pay. Employer normal contributions are accounted for in the period to which the corresponding pay relates. Other employer contributions, such as deficit funding contributions, are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a cash basis.

Benefits
Benefits and payments to leavers are accounted for in the period they fall due for payment. Where a member has a choice about the form of their benefit, the benefit is accounted for and the liability is recognised when the member notifies the Council of their decision as to what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of leaving/retirement/death, being the period in which the liability to pay the benefit arises.

Transfers
Where past service liabilities do not transfer between schemes until assets/liabilities have been transferred, transfers are accounted for on a cash basis. Where trustees have agreed to accept past service liabilities in advance of the transfer of funds, the transfer is accounted for in accordance with the terms of the agreement.

Management expenses
Management expenses are accounted for on an accruals basis. They are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

Investment income
Dividends from quoted securities are accounted for when the securities are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statements as an investment asset. Rent is accounted for in accordance with the terms of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Interest on cash and bonds is accrued on a daily basis. Income arising on the underlying investments of accumulation funds is accounted for within change in market value of investments.

Taxes on income
The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of The Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable taxation is accounted for as a fund expense as it arises.

Foreign currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies are accounted for at the market exchange rate at the date of transaction. End of year market exchange rates are used to value overseas assets at the end of the accounting period.

Exchange gains and losses relating to the translation of investments are accounted for as part of change in market value included in the Fund Account and those relating to current assets and liabilities are accounted for within the Fund Account under an appropriate heading.

Cash and cash equivalents
Cash comprises cash in hand and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Basis of valuation

Financial assets and liabilities are included in the net assets statement on a fair value basis as at the reporting date. A financial asset or liability is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset or liability. From this date any gains or losses arising from changes in the fair value of the asset or liability are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (Note 15). The basis of valuation of each class of financial investment asset and liability is set out in Note 15.

3. Accounting Standards issued and not yet applied

At the balance sheet date, the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Amendments to IFRS 3 Business Combinations: Definition of a Business. The Fund has not participated in any business combinations and these amendments would not have impacted on the Fund’s 2020-21 accounts.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (including Phase 2). The Fund does not practice hedge accounting and these amendments would not have impacted on the Fund’s 2020-21 accounts.

4. Critical judgements made in applying the accounting policies

In applying the accounting policies in Note 2, it has not been necessary to make any critical judgements.

5. Assumptions made and other estimation uncertainty

Covid-19

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, is continuing to have an impact on global financial markets. The majority of the countries in which the Fund invests suffered several 'waves' of Covid-19 in 2020-21 and responded by imposing 'lockdowns' on the movement of populations, with a resultant significant impact on economic activity. These restrictions have led to weaker Gross Domestic Product (GDP) in many of the countries in which the Fund invests. The frequency, timing and duration of these restrictions, varied by country, industry and sector, and continues to do so.

The unprecedented level of fiscal and monetary support provided by national governments and central banks around the world, including those of the United Kingdom, demonstrated the severity of the pandemic and economic downturn. It is not possible to predict the future trajectory of the Covid-19 pandemic, or the post-recovery environment, including the future impact on global financial markets, asset prices and bond yields. Whilst the development of efficient vaccines has been a significant positive step in the right direction, the vaccine roll-out programme is likely to differ significantly from country to country, and the efficiency of the current vaccines against all Covid-19 variants is unknown at this stage.

Whilst global financial markets were initially extremely volatile at the outbreak of the Covid-19 pandemic, the level of fiscal and monetary stimulus by national governments and central banks, together with the development of efficient vaccines, has supported global financial markets, and markets quickly started normalise. The Fund's basis of valuation for each class of financial investment is set out in greater detail in Note 15 to these accounts, and there have been no changes to the valuation techniques used in the year. A significant proportion of the Fund's financial investments relate to Level 1 assets, where there is a readily available daily bid market price and Level 2 assets, where the fair value can be determined based on other market data or market prices, and cash deposits.

The remainder of the Fund's financial investments relate to Level 3 assets, including equity index tracking funds, unquoted private equity, infrastructure, private debt investments and indirect property assets. These assets are valued using the most recently reported net assets statement for that investment, adjusted for drawdowns and distributions to the final day of the accounting period, if the net assets statement is not produced to that date.

Level 3 assets also include the Fund's direct property portfolio, which is independently valued by the Fund's external property valuer, Savills, at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. In their March 2021 Valuation Report, Savills noted that ''the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation will not be reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards''.

The value of the Fund's Level 3 assets at 31 March 2021 was £3,017.599m, accounting for 53.4% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±5.8%, equating to £173.959m at 31 March 2021. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'risker' assets such as equities display greater volatility than bonds.

Actuarial present value of promised retirement benefits

These accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year; however, the actuarial present value of promised retirement benefits is disclosed in these accounts. Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Fund investments. The Fund has engaged Hymans Robertson LLP as its Actuary to provide expert advice about the assumptions to be applied. The effect of changes in these estimates on the Fund's actuarial present value of promised retirement benefits is disclosed in the Report of the Actuary, in Note 22.

Impact of McCloud judgement

When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018, the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK Government requested leave to appeal to the Supreme Court, but this was denied at the end of June 2019. In July 2019, the Chief Secretary to the Treasury confirmed that the principles of the outcome would be accepted as applying to all public service schemes.

The Government has consulted on its proposed remedy for the LGPS which involves the extension of the current underpin protection to all members who meet the criteria for protection, regardless of their age in 2012. It is proposed that underpin protection will apply where a member leaves with either a deferred or an immediate entitlement to a pension. The underpin would give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligible period of service. The protection is expected to be extended to qualifying members who have left the scheme since April 2014, as well as to active members. The remedy is expected to result in a retrospective increase in benefits for some members, which in turn would give rise to a past service cost for the Fund's employers. The Government's response to the consultation and confirmation of the remedy is still awaited.

In addition, HM Treasury confirmed in February 2021 that it was 'un-pausing' the cost cap valuations which will take into account the cost of implementing the McCloud remedy.

Quantifying the impact of the McCloud judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases, in particular, can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

The Fund's Actuary made no estimated allowance for the McCloud judgement in its 2019 actuarial valuation, following instruction from the LGPS Scheme Advisory Board to value liabilities in the 31 March 2019 funding valuations in line with the current LGPS Regulations benefit structure, but made an adjustment to its 2019-20 accounting roll-forward calculation. This adjustment estimated the liabilities for McCloud at 31 March 2020 from the 2019 valuation data, to ensure that the impact continued to be included within the Fund's liabilities within its actuarial present value of promised retirement benefits at 31 March 2020 (in line with the 2019 accounting approach). The impact of this adjustment was included in the Fund's Report of the Actuary at 31 March 2020.

The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019. At 31 March 2020, the Fund's Actuary adjusted GAD's estimate to better reflect the Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate, as it applied to the Fund, was that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be around 0.5% higher as at 31 March 2020, an increase of approximately £31.1m for the Fund as a whole.

At 31 March 2021, the Fund's Actuary has made no explicit additional adjustment for McCloud and has not added to the current service cost for 2020-21, or the projected service cost for 2021-22. However, the previous allowance, within the Fund's actuarial present value of promised retirement benefits at 31 March 2020, has been rolled forward to 31 March 2021. Therefore, the Actuary has made an allowance for this potential increase in liabilities, impacting on the Fund's actuarial present value of promised retirement benefits, in the Fund's Report of the Actuary at 31 March 2021, at Note 22.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

Indexation and equalisation of Guaranteed Minimum Pensions (GMP)
Guaranteed Minimum Pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. Thereafter the Government's preferred approach is to convert GMP to scheme pension. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The impact on Fund and employer liability values will depend on how many members reaching State Pension Age after 2016 have GMP benefits. For the 2019 valuation, given the Government's preference for conversion to scheme benefits, the Fund Actuary has assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers (known as a full GMP indexation allowance). Full GMP indexation allowance is therefore included in the Fund Actuary's disclosure of the actuarial present value of promised retirement benefits, in Note 22, the Report of the Actuary.

In 2020-21 the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990, to check if any additional value is due as a result of GMP equalisation. The judgment helps to clarify the position for members who transferred in GMPs from other schemes. It adds a further category of members whose position must be resolved. The Fund's Actuary is of the view that, in general, the historic individual member data required to assess such an impact, at employer level, is not readily available, although it understands that this further ruling is unlikely to be significant in terms of its impact on the pension obligations of a typical employer. As a result, the Fund Actuary has not made any allowance for the ruling on individual transfers in respect of GMP equalisation within its rolled forward position to 31 March 2021.

Britain leaving the European Union

Uncertainty around the implementation of the 2016 Brexit referendum result has caused volatility in asset prices and hence also bond yields over the last few years. The United Kingdom left the European Union on 31 January 2020, and the transition period ended on 31 December 2020. Whilst the Trade and Co-Operation Agreement (TCA) between the United Kingdom and European Union allows tariff and quota-free trade between countries, it does not cover services, which are a significant component of the United Kingdom's economy.

It is not possible to predict the impact of future Brexit developments with any degree of certainty, particularly against the backdrop of the Covid-19 pandemic, which is continuing to have a significant impact of global economic activity. There is a risk that future Brexit developments will cause further volatility in asset prices and bond yields. However, pronouncements from the US Federal Reserve on the future direction of US interest rates and global developments with respect to the Covid-19 pandemic, together with global politics in general, have the potential to cause similar levels of volatility in asset prices and bond yields and to materially impact future actuarial assumptions.

6. Contributions

	2019-20	2020-21
	£m	£m
Employers		
Normal	89.191	110.139
Deficit Funding	29.346	37.637
Members		
Normal	41.920	43.030
	160.457	**190.806**

Employers' contributions rates payable in 2019-20 were set as part of the 2016 valuation which revealed an overall funding level of 87%. Employers' contributions rates payable in 2020-21 were set as part of the 2019 valuation which revealed an overall funding level of 97%.

On 12 June 2018, Derby City Council paid employer contributions of £39.716m to the Fund, for the two-year period, May 2018 to March 2020. Derby City Council's employer contributions relating to 2019-20, received during 2018-19, were accounted for as employer deficit funding contributions in 2018-19. Following this prepayment, no employer normal or deficit contributions were due, or paid, to the Fund from Derby City Council in 2019-20. During 2020-21, employer normal contributions from Derby City Council amounted to £14.754m and employer deficit contributions from Derby City Council amounted to £7.192m. This is the main reason why employers' normal and deficit contributions are lower in 2019-20 than in 2020-21.

On 30 April 2020, Derbyshire County Council paid employer contributions of £56.379m to the Fund, for 2020-21. This advance payment was based on an estimate of pensionable pay. Derbyshire County Council's employer contributions payable for 2020-21, based on actual pensionable pay, are £54.447m, which is £1.932m less than the advance payment. The excess cash payment of £1.932m is included in the Fund's current liabilities at 31 March 2021, within the balance of £4.169m which the Fund owed to Derbyshire County Council. In 2021-22, it was agreed that this excess amount would be retained by the Fund, to be accounted for as employer deficit funding contributions in 2021-22. This agreement has been formalised in the Derbyshire County Council 2021-22 Rates and Adjustments Certificate agreed with the Actuary.

On 15 October 2020, Derby Homes Limited paid employer contributions of £3.535m to the Fund, for an eighteen-month period, October 2020 to March 2022. Of this payment, £2.184m relates to 2021-22, and these contributions are accounted for as employer deficit funding contributions in 2020-21.

7. Transfers in from other pension funds

	2019-20	2020-21
	£m	£m
Individual transfers in from other pension funds	11.195	14.461

8. Benefits

	2019-20	2020-21
	£m	£m
Pensions	134.375	141.410
Commutation of pensions and lump sum retirement benefits	33.597	28.258
Lump sum death benefits	4.662	3.790
	172.634	**173.458**

9. Payments to and on account of leavers

	2019-20	2020-21
	£m	£m
Refund of contributions to members leaving the Fund	0.383	0.588
Individual transfers out to other pension funds	17.293	10.270
	17.676	**10.858**

Individual transfers out to other pension funds have decreased in 2020-21, from £17.293m to £10.270m. Fewer transfer requests were received in 2020-21 than in 2019-20.

10. Management expenses

Management expenses are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

	2019-20	2020-21
	£m	£m
Investment management expenses	26.054	25.911
Administrative costs	2.599	2.982
Oversight and governance costs	1.451	1.467
	30.104	**30.360**

Oversight and governance costs remained flat in 2020-21 at £1.467m (2019-20, £1.451m). Oversight and governance costs includes audit fees of £0.028m (2019-20: £0.019m). Administration costs increased by £0.383m in 2020-21, reflecting continuing investment into headcount and systems to support improvements in service delivery to scheme members and employers. Pension administration costs per member were £28.95 in 2020-21 (2019-20: £24.79).

Investment management expenses are analysed below:

	2019-20	2020-21
	£m	£m
Fund value based management fees	25.129	25.040
In house management fees	0.365	0.450
Transaction costs	0.527	0.394
Custody fees	0.033	0.027
	26.054	**25.911**

Fund value-based management fees reduced by £0.089m, to £25.040m in 2020-21. An increase in the average value of underlying investments during the year was more than offset by switches into lower cost products, driven by an increase in the proportion of investments managed on a passive basis and collaborative fee savings with other local government pension funds. Based on average investment assets across the year, management fees as a proportion of average investment assets were 0.48% (2019-20, 0.50%).

Transaction costs relate to the following asset classes:

	2019-20	2020-21
	£m	£m
Equities	**0.527**	**0.394**

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment financial asset or liability. An incremental cost is one that would not have been incurred if the scheme had not acquired or disposed of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties.

Commissions increased by £0.077m in 2020-21, to £0.378m. Stamp duty decreased by £0.210m in 2020-21, to £0.016m, reflecting the termination of the Fund's discretionary mandate in respect of UK equities in 2019-20 and the resultant transition into a pooled product.

Directly held investment properties are not financial assets and transaction costs in respect of them are capitalised into their initial cost, rather than expensed.

Direct transaction costs do not include debt premiums or discounts, financing costs or internal administration or handling costs.

Costs are incurred indirectly by the Fund on sales and purchases of pooled investment vehicles through the difference between the highest price a buyer of a security or other asset is willing to pay and the lowest price a seller is willing to offer (bid-offer spread).

Such costs are not separately identifiable but are reflected in the cost of these investment purchases and in the proceeds from their sale (Note 13).

11. Investment income

	2019-20	2020-21
	£m	£m
Income from equities	46.751	15.332
Income from bonds	10.130	9.270
Net rents from properties	10.230	10.315
Income from pooled investment vehicles	24.236	21.274
Interest on cash deposits	2.636	1.213
	93.983	**57.404**

Income from equities decreased by £31.419m in 2020-21, to £15.332m, principally reflecting a reduction in UK dividend income following the transition, part-way through 2019-20, of the Fund's direct UK equity portfolio into an accumulation unit pooled product, where dividend income is automatically reinvested and not distributed. Furthermore, equity dividend yields were lower in 2020-21, as companies retained cash in response to the Covid-19 pandemic. This also applied to income from pooled investment vehicles, which reduced by £2.962m in 2020-21, to £21.274m. Investment managers generally held back distributions, in order to increase their ability to provide increased liquidity to support underlying portfolio investments, if required, during the Covid-19 pandemic.

Rents from properties are net of £0.720m of property expense (2019-20, net of £1.198m of property expense), which includes a £0.227m credit loss allowance adjustment for property rent debtors at the year-end (2019-20, £0.191m). The income or expense each year is the net of property management expenses recovered by service charges to tenants and irrecoverable property management expenses, for instance, rates on vacant properties.

12. Taxes on income

	2019-20	2020-21
	£m	£m
Taxation payable	**0.037**	**0.236**

From 6 April 2016 there are no notional tax charges for UK dividends. Taxes on income relate to withholding taxes in respect of overseas investment income, which are recoverable by the Fund. There is an overall tax debit because of withholding tax which has yet to be reclaimed.

13. Investment assets and liabilities

	Value at 31 Mar 2020	Purchases & hedging payments	Sales & hedging receipts	Profits & losses on disposal of investments & changes in value of investments	Value at 31 Mar 2021
	£m	£m	£m	£m	£m
Investment assets					
Equities	812.666	388.793	(930.339)	306.205	577.325
Bonds	576.183	42.271	(10.322)	(27.621)	580.511
Pooled investment vehicles	2,720.054	1,136.492	(639.661)	694.423	3,911.308
Properties	239.650	14.041	0.000	(1.491)	252.200
Currency hedging contracts	3.032	433.389	(449.211)	12.790	0.000
	4,351.585	*2,014.986*	*(2,029.533)*	*984.306*	*5,321.344*
Cash deposits & short term loans	275.110			0.000	325.128
Other investment balances	14.169			0.000	5.635
	4,640.864			**984.306**	**5,652.107**
Investment liabilities					
Currency hedging contracts	0.000	0.000	0.000	(1.472)	(1.472)
Other investment balances	(8.768)			0.000	(2.676)
	(8.768)			**(1.472)**	**(4.148)**
	4,632.096			**982.834**	**5,647.959**

The total of profits and losses on disposal of investments and changes in value of investment assets and investment liabilities has increased the Fund's value by £982.834m during 2020-21 (2019-20, £316.288m decrease). This total includes all increases and decreases in the market value of investments held at any time during the year and profits and losses realised on sales of investments during the year.

At 31 March 2021 the Fund's investments accounting for more than 5% of the total value of the Fund's net assets available for benefits were:

- LGIM MSCI World Low Carbon Target Index Fund £406.587m, representing 7.2% (2020, nil).

- LGIM UK Equity Index Fund £789.198m, representing 13.9% (2020, £692.277m, 14.9%).
- LGPS Central Global Active Corporate Bond Fund A (Acc) £348.746m, representing 6.1% (2020, £291.883m, 6.3%).
- RBC Global Equity Focus Fund £377.662m, representing 6.6% (2020, nil).
- UBS Life Europe Ex-UK Equity Tracker Fund £233.980m, representing 4.1% (2020, £368.025m, 7.9%).

Currency hedging receipts and payments represent the transactions settled during the year on currency hedging contracts relating to sovereign fixed income holdings. The Fund's objective is to decrease risk in the portfolio, by entering into forward contracts to match a proportion of assets that are already held in the portfolio without disturbing the underlying assets.

At the year end, there was one currency hedging contract, with less than six months to expiry, with a gross contract value of £105.732m (2020, one contract, with less than six months to expiry, with a gross contract value of £112.323m).

Investment assets are further analysed below:

	31 Mar 2020	31 Mar 2021
	£m	£m
Equities		
UK quoted	165.255	207.232
UK unquoted	1.315	1.315
Overseas quoted	646.096	368.778
	812.666	**577.325**
Bonds		
UK quoted	462.177	477.130
UK unquoted	0.685	0.685
Overseas quoted	113.321	102.696
	576.183	**580.511**
Pooled Investment Vehicles		
Property – unquoted	149.857	151.891
Property - quoted	20.575	26.892
Other quoted	763.727	1,119.017
Other unquoted	1,785.895	2,613.508
	2,720.054	**3,911.308**

	31 Mar 2020	31 Mar 2021
	£m	£m
Properties		
UK freehold	191.550	208.500
UK leasehold	48.100	43.700
	239.650	**252.200**
Cash deposits and short term loans		
Sterling cash deposits	22.525	20.139
Money market funds	5.000	60.000
Other Sterling short term loans	244.500	242.500
Foreign currency	3.085	2.489
	275.110	**325.128**

Pooled investment vehicles are further analysed below:

	31 Mar 2020	31 Mar 2021
	£m	£m
Pooled Investment Vehicles		
Funds Invested in Property	170.432	178.783
Unit Trusts	76.563	68.154
Unitised Insurance Policies	1,107.937	1,710.893
Other Managed Funds	1,365.122	1,953.478
	2,720.054	**3,911.308**

The proportion of the market value of net investment assets managed in-house (including the selection of pooled products) and by each external manager at the year-end is set out below.

	31 Mar 2020		31 Mar 2021	
	£m	%	£m	%
In-house	2,398.881	51.8	2,981.446	52.8
Colliers Capital Holdings Ltd	241.845	5.2	254.191	4.5
Legal and General Investment Management	842.719	18.2	1,476.772	26.1
LGPS Central Ltd	291.642	6.3	348.528	6.2
UBS Global Asset Management Life Ltd	367.990	7.9	233.943	4.1
Wellington Management International Ltd	489.019	10.6	353.079	6.3
	4,632.096	**100.0**	**5,647.959**	**100.0**

All fund managers operating the pooled investment vehicles are registered in the United Kingdom except for:

Fund	**Country of registration of fund manager**
Aberdeen Global Japan Smaller Companies Fund	Luxembourg
AMP Capital Infrastructure Debt Fund III	Luxembourg
Barings Global Private Loan Fund I	Luxembourg
Barings Global Private Loan Fund II	Luxembourg
Barings Global Private Loan Fund III	Luxembourg
Blackrock Global Renewable Power Fund III	Luxembourg
CVC Credit Partners European Direct Lending Fund II	Luxembourg
Fidelity Eurozone Select Real Estate Fund	Luxembourg
Invesco Real Estate Europe Fund	Luxembourg
J P Morgan Funds Latin American Equity Fund	Luxembourg
M&G European Property Fund	Luxembourg
Macquarie European Infrastructure Fund 5 (MEIF 5)	Luxembourg
Macquarie European Infrastructure 5 Co Investment Fund	Luxembourg
Macquarie European Infrastructure Fund 6 (MEIF 6)	Luxembourg
Macquarie European Infrastructure 6 Co Investment Fund	Luxembourg
Macquarie GIG Renewable Energy Fund 2 SCSp	Luxembourg
Polunin Emerging Markets Developing Countries Fund	Luxembourg
RBC Global Equity Focus Fund	Luxembourg
SL Capital Infrastructure Fund II	Luxembourg
Baring Australia Fund	Republic of Ireland
CQS Credit Multi Asset Fund	Republic of Ireland
Montanaro UK Smaller Companies Fund	Republic of Ireland
Adam Street 2017 Global Fund Program	Cayman Islands
3i Infrastructure Plc	Channel Islands
Baird Capital Partners Europe Fund	Channel Islands
Epiris II LP Fund	Channel Islands
Foresight Solar	Channel Islands
HICL Infrastructure Company Limited	Channel Islands
International Public Partnerships Limited	Channel Islands

Partners Group – Global Value 2008 Fund	Channel Islands
Princess Private Equity Holding Limited	Channel Islands
The Renewables Infrastructure Group Limited	Channel Islands

14. Fund investments by geographical sector (at market value)

	Restated 31 Mar 2020		31 Mar 2021	
	£m	**%**	**£m**	**%**
UK	2,228.251	48.1	2,532.333	44.8
N America	897.442	19.4	1,392.765	24.7
Europe	773.834	16.7	868.490	15.4
Asia and other	732.569	15.8	854.371	15.1
	4,632.096	**100.0**	**5,647.959**	**100.0**

The geographical analysis for 2019-20 has been restated to reflect the actual geographical mix of the Fund's investment in the LGPSC Global Investment Grade Sub-Fund at 31 March 2020. The sub-fund was launched in February 2020, and at the time of the preparation of the 2019-20 accounts, a geographical analysis at 31 March 2020 was not available, and it was assumed that the Fund was 50% UK and 50% Asia and other.

Whilst UK investments increased in absolute terms between 31 March 2020 and 31 March 2021, they reduced as a percentage of total investment assets, as on-going changes to the asset allocation, together with weaker relative returns from UK assets, reduced the Fund's relative exposure to UK investment assets. As the proportion of UK investment assets fell, allocations to North American and European increased, driven by higher levels of Private Equity, Infrastructure, Multi-Asset Credit and Indirect Property fund drawdowns. Whilst the absolute allocation to Asia and other increased, they fell slightly as a percentage of total investments.

15. Fair value – Basis of valuation

The basis of valuation of each class of financial investment asset and liability is set out below. There has been no change in the valuation techniques used during the year. All investment assets and liabilities have been valued using fair value techniques as follows:

- Market quoted investments, where there is a readily available market price, are valued at the bid market price on the final day of the accounting period.
- Quoted bonds are valued at net market value excluding accrued income.
- Pooled investment vehicles are included at closing bid price for funds with bid/offer spreads, or if single priced, at the closing price. For unquoted pooled investment vehicles this is at the price advised by the fund manager.

- Unquoted investments are valued at fair value, at the price or net asset value advised by the fund manager, or for private equity investments, based on the Fund's share of net assets at the year end, using the latest financial information available from the respective fund managers, adjusted for drawdowns and distributions to the final day of the accounting period, if the latest financial information is not produced to that date.
- Property is included at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. The property portfolio was independently valued by Savills, Property Advisers.
- Fair value for investment property is calculated using the investment method of valuation, the premise of which is that all current and future income streams are capitalised at a rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinions, wholly derived from observable prices achieved in market transactions.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract on that date.

Financial investment assets and liabilities valued using fair value techniques have been classified into the three levels of what is known as a fair value hierarchy. The hierarchy is ordered according to the quality and reliability of information used to determine recurring fair values, with Level 1 being of the highest quality and reliability.

- Level 1 – Assets and liabilities assigned to Level 1 in the fair value hierarchy are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. The Fund's investments classified as Level 1 are quoted UK and Overseas Equities and quoted UK and Overseas Bonds issued by governments.
- Level 2 – Assets and liabilities assigned to Level 2 in the fair value hierarchy are those where quoted market prices are not available, for instance in a market that is not considered to be active, or where observable valuation techniques are used to determine fair value. The Fund's investments classified as Level 2 are quoted Pooled Investment Vehicles, Currency Hedging Contracts and unquoted LGPSC Bonds and Equities.
- Level 3 – Assets and liabilities assigned to Level 3 in the fair value hierarchy are those where at least one input which could have a significant effect on an instrument's valuation is not based on observable market data. The Fund's investments classified as Level 3 are unquoted Pooled Investment Vehicles and Properties.

The Fund’s fair value hierarchy of investment financial assets, loans and receivables and financial liabilities is as follows:

	31 Mar 2020	31 Mar 2021
	£m	**£m**
Financial Assets		
Level 1		
UK quoted equities	165.255	207.232
Overseas quoted equities	646.096	368.778
UK quoted bonds	462.177	477.130
Overseas quoted bonds	113.321	102.696
	1,386.849	**1,155.836**
Level 2		
Property - quoted pooled investment vehicles	20.575	26.892
Other quoted pooled investment vehicles	763.727	1,119.017
UK unquoted equities	1.315	1.315
UK unquoted bonds	0.685	0.685
Currency hedging contracts	3.032	0.000
	789.334	**1,147.909**
Level 3		
Property – unquoted pooled investment vehicles	149.857	151.891
Other unquoted pooled investment vehicles	1,785.895	2,613.508
UK freehold properties	191.550	208.500
UK leasehold properties	48.100	43.700
	2,175.402	**3,017.599**
Loans and Receivables at Amortised Cost		
Sterling cash deposits	22.525	20.139
Money market funds	5.000	60.000
Other Sterling short term loans	244.500	242.500
Foreign currency	3.085	2.489
Other investment balances	14.169	5.635
	289.279	**330.763**
Financial Assets	**4,640.864**	**5,652.107**

	31 Mar 2020	31 Mar 2021
	£m	**£m**
Financial Liabilities		
Level 2		
Currency hedging contracts	-	(1.472)
	-	**(1.472)**
Loans and Receivables at Amortised Cost		
Other investment balances	(8.768)	(2.676)
	(8.768)	(2.676)
Financial Liabilities	**(8.768)**	**(4.148)**
	4,632.096	**5,647.959**

Additional information in respect of the fair value measurement is provided below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation
UK quoted equities	Level 1	Bid market price	Not required	Not required
Overseas quoted equities	Level 1	Bid market price	Not required	Not required
UK quoted bonds	Level 1	Net market value excluding accrued income	Not required	Not required
Overseas quoted bonds	Level 1	Net market value excluding accrued income	Not required	Not required
Property quoted pooled investment vehicles	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
Other quoted pooled investment vehicles	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
UK unquoted equities	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
UK unquoted bonds	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
Currency hedging contracts	Level 2	Published exchange prices at the year-end date	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation
Property unquoted pooled investment vehicles	Level 3	Investment method whereby all current and future income streams are capitalised at the rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinion, wholly derived from observable prices achieved in market transactions	Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices
Other unquoted pooled investment vehicles (private equity; infrastructure; private debt)	Level 3	At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced to that date	Private Equity & Infrastructure: EBITDA; Revenue & EBITDA multiple; Discount for lack of marketability; Control premium; Discounted cash flows Private Debt: Comparable valuation of similar assets; Revenue & EBITDA; Discounted cash flows; Asset security; Enterprise value estimation	Valuations could be impacted by material events occurring between the date of the financial statements provided and the year-end date, by changes to expected cash flows, and any differences between the audited and unaudited accounts
UK freehold and leasehold properties	Level 3	Determined in accordance with the RICS Valuation Standards	Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices

Below is a reconciliation of the movement in fair value measurements within Level 3 of the fair value hierarchy from the start to the end of 2020-21:

	Value at 31 Mar 2020	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	Value at 31 Mar 2021
	£m	£m	£m	£m	£m	£m
Financial Assets						
Level 3						
Pooled investment vehicles						
Property – unquoted	149.857	7.812	(4.932)	(1.101)	0.255	151.891
Other unquoted	1,785.895	664.454	(197.773)	356.180	4.752	2,613.508
Properties						
UK freehold	191.550	13.760	0.000	3.190	0.000	208.500
UK leasehold	48.100	0.281	0.000	(4.681)	0.000	43.700
	2,175.402	**686.307**	**(202.705)**	**353.588**	**5.007**	**3,017.599**

Unrealised and realised gains and losses are recognised in the profit and losses on disposal of investments and changes in value of investments line of the fund account.

The impact of the Covid-19 pandemic on investment values is considered in Note 5. Having analysed historical data and current market levels, the Fund has determined that the Level 3 values at 31 March 2021 above are likely to be accurate to within the ranges set out in the sensitivity analysis below:

	Value at 31 Mar 2021 £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property	252.200	10.0	277.420	226.980
Diversified multi-asset credit funds	259.562	5.0	272.540	246.584
Equity index tracking funds	1,476.912	2.0	1,506.450	1,447.374
Global investment grade credit fund	348.746	5.0	366.183	331.309
Indirect property	151.891	15.0	174.675	129.107
Infrastructure	267.965	12.5	301.461	234.469
Private debt	130.850	10.0	143.935	117.765
Private equity	129.473	15.0	148.894	110.052
	3,017.599	**5.8**	**3,191.558**	**2,843.640**

16. Additional Voluntary Contributions

In accordance with Regulation 4(1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Accounts do not include employees' Additional Voluntary Contributions ("AVCs"). The amounts involved are not material in relation to the size of the overall Pension Fund.

Members may make AVCs which are invested separately from the Fund's assets. These investments are specifically allocated to the provision of additional benefits for those members. These are money purchase arrangements where the member uses the invested amount to provide an additional lump sum or to purchase an annuity or buy additional benefits in the Local Government Pension Scheme.

Prudential Assurance Company Ltd (Prudential) has been unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2021. Following the implementation of a new IT system in 2020, the company has experienced delays in administering AVCs, including delays in processing and investing contributions and paying out claims. Prudential has provided assurance that members will not suffer any financial detriment due to the delayed processing and investing of their contributions. The company has indicated that it will provide the Fund's annual financial information by 31 July 2021.

On 1 January 2020, all members' AVCs with Equitable Life Assurance Society were transferred to Utmost Life and Pensions (Utmost). As a result of operational constraints, caused by the Covid-19 pandemic, Utmost postponed production of financial information and was unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2020, when Utmost funds were included at 31 March 2019 values. Utmost has now resumed production of financial information and Utmost fund values at 31 March 2020 have been restated for the subsequent receipt of this information. However, Utmost has so far been unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2021.

Including Prudential and Utmost funds at 31 March 2020 values, the total value of funds provided by AVC contributions at 31 March 2021 was:

	Restated	
	31 Mar 2020	31 Mar 2021
	£m	£m
Utmost Life and Pensions		
With profits fund	0.062	
Unit-linked funds	0.412	
Total Utmost Life and Pensions	*0.474*	*0.474*

	Restated 31 Mar 2020 £m	31 Mar 2021 £m
Standard Life		
Managed fund	0.657	0.740
Multi asset managed fund	0.106	0.130
Protection fund	0.088	0.057
Ethical fund	0.088	0.110
With profits fund	0.334	0.308
Total Standard Life	*1.273*	*1.345*
Prudential Assurance Company Ltd		
Deposit fund	2.290	
With profits cash accumulation fund	4.874	
Blackrock Aquila	0.000	
Cash fund	0.236	
Discretionary fund	0.656	
Dynamic global equity passive fund	0.109	
Dynamic growth funds	0.409	
Fixed interest fund	0.127	
Global equity fund	0.329	
Index-linked fund	0.325	
International equity fund	0.367	
Long-term bond fund	0.006	
Long-term gilt passive fund	0.229	
Positive impact fund	0.131	
Property fund	0.193	
Socially responsible fund	0.000	
UK equity fund	0.166	
UK equity passive fund	0.120	
Total Prudential Assurance	*10.567*	*10.567*

	Restated 31 Mar 2020 £m	31 Mar 2021 £m
Clerical Medical		
With profits fund	0.156	0.123
Unit linked fund	0.073	0.040
Total Clerical Medical	*0.229*	*0.163*
Total AVC Investments	**12.543**	**12.549**
Death in Service Cover		
Utmost Life and Pensions	**0.093**	***0.093***

Death in Service cover is payable by the AVC provider where an employee has opted to pay an extra life insurance sum. The Local Government Pension Scheme Regulations 2013 require the death grant payable for contributors into the LGPS to be three times their “final pay” (in the case of a part-time employee it is three times their actual pensionable pay). The Inland Revenue limit for death in service cover is four times “final pay”, so the maximum extra amount insurable is, therefore, restricted to an amount equivalent to one times “final pay” and in the case of a part-time contributor, their actual pensionable pay. “Final pay” is defined in the above Regulations.

	Restated Utmost Life £m	Prudential £m	Standard Life £m	Clerical Medical £m	Total £m
Value at 31 Mar 2020	**0.474**	**10.567**	**1.273**	**0.229**	**12.543**
Income					
Contributions received			0.021	0.002	*0.023*
Interest and bonuses and change in market value			0.207	0.011	*0.218*
Expenditure					
Retirement benefits			(0.092)	(0.067)	*(0.159)*
Deaths			0.000	(0.012)	*(0.012)*
Transfers out and withdrawals			(0.064)	0.000	*(0.064)*
Value at 31 Mar 2021	***0.474***	***10.567***	**1.345**	**0.163**	***12.549***

17. Current assets

	31 Mar 2020 £m	31 Mar 2021 £m
Employers' contributions due	5.275	8.289
Employees' contributions due	2.000	2.218
Sundry debtors	1.164	1.429
Cash balance	22.981	37.249
	31.420	**49.185**

Employers' and employees' contributions due at 31 March 2021 have been received since the year-end. On 12 June 2018, Derby City Council paid employer contributions of £39.716m to the Fund, covering a two-year period, May 2018 to March 2020. Derby City Council's employer contributions relating to 2019-20, received during 2018-19, were accounted for as employer deficit funding contributions in 2018-19. Following this prepayment, no employer normal contributions were due to the Fund from Derby City Council in 2019-20. At 31 March 2021, Derby City owed the Council one month's employer contributions, amounting to £1.792m (31 March 2020, nil) and this is the main reason why employers' contributions due are higher at 31 March 2021.

As at 31 March 2021, the Fund was owed rent totalling £0.735m in respect of 2020-21 (31 March 2020, the Fund was owed rent totalling £0.763m in respect of 2019-20). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 outbreak in Q4 2019-20 continues to have a significant impact on the trading and cash flows of some of the Fund's tenants, particularly those in the Retail and Leisure Sectors. As a result, the Fund has provided a credit loss allowance of £0.227m against these rents (2019-20, £0.191m).

18. Current liabilities

	31 Mar 2020	31 Mar 2021
	£m	£m
Unpaid benefits	2.206	1.556
Sundry creditors	2.771	3.343
Amounts owed to Derbyshire County Council	1.056	4.169
	6.033	**9.068**

There has been an increase in amounts owed to Derbyshire County Council because of the advance payment of 2020-21 employer contributions referred to in Note 6, which has altered the profile of current assets and liabilities relating to Derbyshire County Council's contributions at 31 March 2021.

19. Related party transactions

Derbyshire County Council

The Council is the administering authority for the purposes of the Fund under The Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2020-21 are charges from the Council of £2.888m (2019-20, £2.510m) for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for management of the Fund's in-house investments.

At 31 March 2021 the Fund owed the Council £4.169m (31 March 2020, the Fund owed the Council £1.056m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 32 and 33 of the Council's Statement of Accounts.

LGPS Central Limited

LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool, of which the Council, as the administering authority for the Fund, is one of the shareholders.

On 9 October 2019 it was agreed that the Council's Director of Finance & ICT, or their nominee, would represent the Council on the LGPS Central Shareholders' Forum, with delegated authority to make decisions on any matters which require a decision by the shareholders of LGPS Central Limited. All decisions made by the Director of Finance & ICT, or their nominee, using delegated powers, are reported to the next meeting of the Pensions and Investments Committee.

The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2021 (31 March 2020, £1.315m and £0.685m, respectively) and was owed interest of £0.031m on the loan to LGPSC on the same date (2020-21, £0.036m).

The Fund incurred costs of £0.013m associated with LGPSC's Investment Grade Credit sub-fund in 2020-21 (2019-20, £0.004m), of which £0.005m was payable to LGPSC at 31 March 2021 (31 March 2020, £0.004m). The charge excludes fees paid to the underlying investment managers of £0.338m in 2020-21 (2019-20, £0.040m).

LGPSC also provided advisory management services in respect of the Fund's Japanese Equities and Asia Pacific Ex-Japanese Equities in the year. The advisory management services mandate was terminated on 17 January 2021, resulting from changes to the Fund's strategic asset allocation benchmark. The charge in respect of these services was £0.073m in 2020-21 (2019-20, £0.551m, which included the part year charges for mandates to manage the Fund's UK Equity portfolio, terminated on 14 November 2019, and Emerging Market Equities portfolio, terminated on 15 June 2019), of which £nil was payable to LGPSC at 31 March 2021 (31 March 2020, £0.065m).

The Fund incurred £0.988m in respect of Governance, Operator Running and Product Development costs in connection with LGPSC in 2020-21 (2019-20, £0.813m), of which £0.226m was payable to LGPSC at 31 March 2021 (31 March 2020, £0.213m).

LGPSC leases office space from the Council. The lease commenced on 14 June 2018 and is for a duration of five years, with a break clause at 30 June 2021. The rental income received and receivable by the Council from LGPSC in 2020-21 amounted to £0.015m (2019-20, £0.014m). For the duration of the lease term, subsequent years' rentals will be subject to an annual increase of 2.8%.

20. Investment commitments

At the end of the financial year, investment commitments in respect of future payments were:

	31 Mar 2020	31 Mar 2021
	£m	£m
Unquoted investments	292.133	395.556
Other Sterling short-term loans	30.000	70.000
	322.133	**465.556**

Unquoted investments commitments are commitments to invest in Multi-Asset Credit, Private Equity, Infrastructure and Indirect Property investments, not yet drawn down by the managers. Revisions to the Fund's approved Strategic Asset Allocation Benchmark between July 2015 and November 2020 increased the proportion of the Fund's investments required to be invested in Multi-Asset Credit, Private Equity, Infrastructure and Indirect Property investments from 5% to 22% in 2020-21. This has driven a £103.423m increase in the level of unquoted investment commitments between 31 March 2020 and 31 March 2021.

Since the year-end, the Fund has signed-up to an additional €30m commitment in respect of Multi-Asset Credit.

The Other Sterling short-term loans commitments are commitments to make short-term investments at the year-end. There is no provision or creditor for these amounts in the financial statements as the legal obligation to pay was not fulfilled at 31 March 2021. These commitments will be met using funds received from the maturity of earlier investments and therefore have no impact on the financial position reported.

There were eleven such commitments at 31 March 2021 (2020, two), which were secured to take advantage of higher rates available at that time.

21. Financial instruments

Many requirements of the financial instruments standards (IAS 39, IAS 32, IFRS 7 and IFRS 9), which govern the recognition, measurement, presentation and disclosure of financial instruments, are not applicable to the Fund's accounts, since all material financial instruments are carried in the net assets statement at fair value.

Nature and extent of risks arising from financial instruments

Certain financial risks are a necessary and appropriate component of the investment strategy of the Fund in order for it to achieve the targeted long-term rate of return assumed by the Fund Actuary. This rate of return is used in drawing up the Funding Strategy Statement and setting employer contribution rates.

The overall financial risk for the Fund is that its assets could be insufficient to meet its liabilities to pay benefits. At the financial instrument level, the Fund's key risks are:

- **Credit risk** – the risk of the Fund suffering loss due to another party defaulting on its financial obligations.
- **Liquidity risk** – the risk that funds might not be available to meet commitments because the Fund's assets are not readily marketable or easily turned into cash.
- **Market risk -** the risk that the Fund's financial instruments may suffer an adverse change in value, which is common to an entire class of assets or liabilities.

Responsibility for Fund investments has been delegated to the Council's Pensions and Investments Committee (the Committee). Day to day responsibility for the management of the Fund is delegated to the Director of Finance and ICT; the investments are managed by a combination of internal and external investment managers and investment advice is provided by an independent investment advisor. The Fund's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks.

As required by the Fund's Investment Strategy Statement, the Fund is invested in accordance with the Strategic Asset Allocation guidelines, to maximise returns within appropriate levels of risk, taking into account the Fund's liabilities and projected cashflows.

These Strategic Asset Allocation guidelines were approved by the Pensions and Investments Committee, following an external asset/liability study.

Economic background, market returns, asset allocation, investment activity, investment strategy and investment performance are monitored and reviewed by the Committee on a quarterly basis.

Credit risk

The Fund is primarily exposed to credit risk through its daily treasury management activities and through its forward currency contracts, which address the currency risk on overseas bonds. Credit risk on cash deposits and short-term loans arises from deposits with banks, financial institutions and UK government and local authorities. Credit risk on forward currency contracts arises from contracts with large banks.

There is also a credit risk in respect of income due at the year end from the Fund's direct property tenants. As at 31 March 2021, the Fund was owed rent totalling £0.735m (31 March 2020, the Fund was owed rent totalling £0.763m). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 outbreak in Q4 2019-20 is having a significant impact on the trading and cash flows of some of the Fund's tenants, particularly those in the Retail and Leisure Sectors. As a result, the Fund has provided a credit loss allowance of £0.227m against these rents, calculated based on a tier risk rating system, using information provided by both the in-house investment management team and the discretionary direct property manager.

	Rental Income Debt 31 Mar 2021 £m	General Loss Allowance £m	Total Loss Allowance 31 Mar 2021 £m
Property Rental Income	**0.735**	**0.227**	**0.227**

A reconciliation of the opening and closing balances of the potential credit losses on the Fund's financial assets for the year ended 31 March 2021 is provided as follows:

	Value at 31 Mar 2020 £m	Change in average default risk rate £m	Value at 31 Mar 2021 £m
Credit Loss Allowance	**0.191**	**0.036**	**0.227**

Treasury activities - The Fund places security of capital and liquidity ahead of investment return. Credit risk on treasury activities is minimised through the Fund's annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services and are approved counterparties on this basis. Investments with local authorities, the Government's Debt Management Office, UK Treasury Bills and Certificates of Deposit are also permissible. The Fund has agreed maximum loan durations and joint limits for each counterparty.

The limits for financial institutions are based on the above credit assessment and are approved each year. The financial institutions' credit ratings and supplementary information are monitored throughout the year to ensure compliance with the policy.

The Treasury Management Investment Strategy for 2020-21 was approved by Full Council on 5 February 2020 and by the Pensions and Investments Committee on 4 March 2020.

The Fund's maximum exposure to credit risk in relation to its treasury/cash deposit investments and operating cash in banks, building societies, money market funds and UK local authorities of £362.377m (2020, £298.091m) cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare, generally, for such entities to be unable to meet their commitments; the approach to risk assessment taken by the Fund makes this remote.

A risk of non-recovery applies to all of the Fund's deposits, but there was no evidence at 31 March 2021 that this was likely to occur. No breaches of the Fund's counterparty criteria occurred during the reporting period. At 31 March 2021, the Fund had £37.249m in its operational account with Lloyds Bank.

Forward currency contracts - Credit risk from forward currency contracts is minimised by limiting the extent of these contracts to managing the currency risk on overseas sovereign bonds, the value of which comprise 2% (2020, 2%) of investment assets at the year end and by selecting large banks as the counterparties. The forward currency contract at the year-end was with Bank of New York Mellon.

The maximum credit risk exposure on forward currency contracts is the full amount of the foreign currency which the Fund pays when the settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Fund. At the year end, there was one currency hedging contract, with less than six months to expiry, with a gross contract value of £105.732m (2020, one contract, with less than six months to expiry, with a gross contract value of £112.323m). The Fund does not expect any losses from non-performance by any of its counterparties in relation to this contract.

Other financial assets - Bonds mainly include investments in UK and US Government securities and certain corporate bond funds. The Fund does not expect any losses from non-performance by any of its counterparties in relation to these financial assets.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of the financial assets as they are marked to market. The market value of financial assets represents the Fund's exposure to credit risk in relation to those assets.

The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur during settlement of transactions.

Liquidity risk

The Fund continues to be cash flow positive, with combined contributions and investment income exceeding benefit payments. There is, therefore, no present requirement to realise assets in order to meet liabilities to pay benefits, as these are more than covered by contributions and investment income, and there is net cash available for investment. The Fund does, however, sell investments from time to time as part of normal investment management activities.

The majority of the Fund's investments are readily marketable and may be easily realised, if required. Emphasis is placed on treasury deposits of up to six months' duration to ensure that longer term investment strategy is not compromised by lack of liquidity. Listed equities may also be liquidated at short notice, normally two working days. Holdings of investments which may be less easy to realise are limited. Current Pensions and Investments Committee guidelines limit investments in property to 12%, multi asset credit to 8%, infrastructure to 12% and private equity to 6%.

Sufficient funds are retained on instant access accounts to ensure that payment of benefits and the settlement of investment transactions can be made without the need to borrow.

The Fund manages its liquidity position using a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

Maturity analysis for liabilities at the year-end:

- There were no financial liabilities within the portfolio at the year-end other than those that arose from the trading of investments. Such liabilities fall due within 12 months of the year end.

- There was one derivative financial liability held at the year-end in respect of the currency hedging contract referred to above (2020, none).

Market risk

The Fund is exposed to market risk because it is inherent in the investments the Fund makes. It can result from changes in such measures as interest and exchange rates and changes in prices due to factors other than these. This risk cannot be eliminated but it can be reduced.

The objective of market risk management is to manage and control market risk exposure to within acceptable parameters, whilst optimising the return on risk. Excessive volatility in market risk is managed through diversification. Risk reduction arises from the different investments not being perfectly correlated.

The Fund has applied diversification at various levels; that is, diversification between countries, asset classes, sectors and individual securities. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

Risk of exposure to specific markets is limited by adhering to defined ranges within the asset allocation guidelines, which are monitored and reviewed by the Committee on a quarterly basis.

Interest rate risk – This risk primarily impacts on the valuation of the Fund's bond holdings and to a lesser degree the return it receives on cash held. A rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Fund Account would rise;
- investments at fixed rates – the fair value of the assets would fall.

The Fund has a number of strategies for managing interest rate risk. Interest rates and the durations of the bond portfolios are monitored during the year, by the Fund's in-house and external managers. Within the annual Treasury Management Strategy, maximum limits are set for fixed and variable interest rate exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, subject to liquidity requirements.

Other price risk – Other price risk originates from factors specific to the individual instrument or to its issuer, or from factors affecting all instruments in the market.

The Fund manages price risk by holding fixed interest bonds, index-linked stocks and property and by holding a diversified equity portfolio spread geographically, across market sectors and across investments. Contracts specify the level of risk to be taken by the external Fund managers investing in overseas equities. These external managers are monitored by in-house managers.

A Fund specific benchmark has been drawn up, which is designed to meet the Fund's performance requirements for the level of risk agreed by the Committee. Economic background, asset allocation, recent transactions, investment strategy and performance are monitored by the Committee on a quarterly basis.

The impact of the Covid-19 pandemic on investment values is considered in Note 5.

The table below quantifies the level of price risk that the Fund's investment assets and liabilities at 31 March 2021 are potentially exposed to. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'riskier' assets such as equities display greater potential volatility than bonds. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. The volatility shown for total investment assets and liabilities in both tables below incorporates the impact of correlation across asset classes, which dampens volatility, therefore the value on increase/decrease figures of the asset classes will not sum to the total assets figure.

	Value at 31 Mar 2021 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
UK Government bonds	228.085	5.01	239.512	216.658
UK index-linked bonds	249.045	8.37	269.890	228.200
Corporate bonds	349.431	7.57	375.883	322.979
Overseas index-linked bonds	60.558	7.23	64.936	56.180
Overseas bonds	40.666	4.62	42.545	38.787
UK equities	903.509	16.83	1,055.570	751.448
Overseas equities	2,101.338	13.86	2,392.583	1,810.093
Private equity	215.205	8.46	233.411	196.999
Infrastructure	350.640	4.35	365.893	335.387
Multi asset credit	390.411	6.04	413.992	366.830
Cash	325.128	0.13	325.551	324.705
Other investment balances	2.959	0.00	2.959	2.959
Properties (non-financial instruments)	430.984	2.26	440.724	421.244
Total investment assets and liabilities	**5,647.959**	**8.40**	**6,122.388**	**5,173.530**

Currency risk - The Fund is exposed to currency risk through its unhedged overseas currency denominated investment assets. Except for overseas sovereign bonds, the Fund's exposure to overseas currency risk is not hedged. If Sterling weakens, this currency exposure will make a positive contribution to the Fund's performance in Sterling terms.

The table below quantifies the level of currency risk that the Fund's overseas currency denominated investment assets at 31 March 2021 are potentially exposed to. For the categories of assets where there are investments denominated in overseas currencies, the potential aggregate currency exposure within the Fund at 31 March 2021 is determined using a currency "basket" based on that asset category's currency mix at that date. The weight of each currency multiplied by the change in its exchange rate relative to Sterling is summed to create the aggregate currency change of the basket. As currency risk on overseas sovereign bonds is managed using forward currency contracts, the currency risk is nil, and this is shown as 0.0% below. The outcomes are then applied to all overseas currency denominated assets.

	Value at 31 Mar 2021 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas index-linked bonds	60.558	0.00	60.558	60.558
Overseas bonds	40.666	0.00	40.666	40.666
Overseas equities	2,101.338	7.26	2,253.895	1,948.781
Overseas private equities	85.034	6.83	90.838	79.230
Overseas infrastructure	163.033	6.77	174.077	151.989
Overseas multi asset credit	45.458	5.30	47.867	43.049
Overseas cash	2.489	8.60	2.703	2.275
Overseas properties (funds) (non-financial instruments)	49.260	5.30	51.871	46.649
Overseas investment assets	**2,547.836**	**6.97**	**2,725.420**	**2,370.252**

22. Actuarial Present Value of Promised Retirement Benefits

Below is an extract from the Report of the Actuary, showing the actuarial present value of the Fund's promised retirement benefits, required by the Code. If an actuarial valuation has not been prepared at the date of the financial statements, IAS 26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation is carried out using assumptions in line with IAS 19 and not the Pension Fund's funding assumptions.

"The promised retirement benefits at 31 March 2021 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Note that the figures below include an allowance for the "McCloud Ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. This estimate was allowed for in 31 March 2020 IAS 26 reporting and continues to be allowed for within the liabilities this year.

The figures below include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

	31 Mar 2020	31 Mar 2021
	£m	£m
Active members	*2,829.000*	*4,284.000*
Deferred members	*1,164.000*	*1,625.000*
Pensioners	*2,240.000*	*2,436.000*
Present Value of Promised Retirement Benefits	***6,233.000***	***8,345.000***

It should be noted the above figures are appropriate for the Administering Authority only for the preparation of the Pension Fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS 19 report and are different as at 31 March 2021 and 31 March 2020. I estimate that the impact of the change in financial assumptions to 31 March 2021 is to increase the actuarial present value by £1,718m. I estimate that the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £110m.

Financial assumptions

Year ended (% p.a.)	***31 Mar 2020 %***	***31 Mar 2021 %***
Pension Increase Rate	*1.90*	*2.85*
Salary Increase Rate	*2.60*	*3.55*
Discount Rate	*2.30*	*2.00*

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves alongside future improvements based on the CMI 2020 model, with an allowance for smoothing of recent mortality experience and a long-term rate of improvement of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	***Females***
Current Pensioners	*21.3 years*	*23.9 years*
*Future Pensioners**	*22.5 years*	*25.8 years*

**Future pensioners are assumed to be aged 45 at the latest formal valuation as at 31 March 2019.*

Please note that the longevity assumptions have changed since the previous IAS 26 disclosure for the Fund.

Commutation assumptions
An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis
CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 Mar 2021	***Approximate increase to liabilities %***	***Approximate monetary amount £m***
0.5% p.a. increase in the Pension Increase Rate	*9*	*772*
0.5% p.a. increase in the Salary Increase Rate	*1*	*87*
0.5% p.a. decrease in the Real Discount Rate	*11*	*879*

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1-year increase in life expectancy would approximately increase the liabilities by around 3-5%."

Barry Dodds FFA
17 May 2021
For and on behalf of Hymans Robertson LLP

23. Participating Employers

The participating employers with active members in the Fund are Derbyshire County Council (which is also the Administering Authority), Derby City Council (Unitary Authority), District Councils (which are Scheduled Bodies), further Scheduled Bodies and Admission Bodies. The Unitary and District Councils are listed in the foreword of this Annual Report. Other participating employers are listed on the following pages.

Contributions and benefits, by participating employer type, in respect of the year, are as follows:

	2019-20		2020-21	
	Benefits	Contributions	Benefits	Contributions
	£m	£m	£m	£m
Derbyshire County Council	82.316	71.426	80.384	71.166
Scheduled Bodies	84.389	84.347	86.765	113.813
Admission Bodies	5.929	4.684	6.309	5.827
	172.634	**160.457**	**173.458**	**190.806**

The contribution rates payable by the County, Unitary and District Councils expressed as a percentage of pensionable payroll and fixed cash amounts are:

Council	2020-21	2021-22
Derbyshire County Council	15.5% plus £15.536m	15.5% plus £15.536m
Derby City Council	14.5% plus £6.981m	14.5% plus £6.981m
Amber Valley Borough Council	15.0% plus £1.057m	15.0% plus £1.057m
Bolsover District Council	14.9% plus £0.962m	14.9% plus £0.962m
Chesterfield Borough Council	15.2% plus £1.991m	15.2% plus £1.991m
Derbyshire Dales District Council	14.6% plus £0.561m	14.6% plus £0.561m
Erewash Borough Council	14.1% plus £0.999m	14.1% plus £0.999m
High Peak Borough Council	13.4% plus £1.833m	13.4% plus £1.833m
North East Derbyshire District Council	14.7% plus £1.527m	14.7% plus £1.527m
South Derbyshire District Council	14.8% plus £0.678m	14.8% plus £0.678m

The contribution rates payable by other Scheduled Bodies, expressed as a percentage of pensionable payroll are:

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Scheduled Bodies		
Peak District National Park Authority	15.0 plus £0.224m	15.0 plus £0.224m
Chesterfield Crematorium	18.8 plus £0.029m	18.8 plus £0.029m
Derbyshire Police Authority	13.9 plus £1.465m	13.9 plus £1.465m
Derbyshire Fire & Rescue	14.2 plus £0.170m	14.2 plus £0.170m
Derby Homes Limited	14.4 plus £0.290m	14.4 plus £0.290m
Rykneld Homes	17.4	17.4
University of Derby	16.3	17.4

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Chesterfield College	15.0 plus £0.166m	16.3 plus £0.171m
Derby College	16.5 plus £0.350m	17.5 plus £0.360m
Landau Forte College	13.5	14.5
Akaal Academy Trust Derby	18.5	17.5
Aldecar Infant School	18.3	18.3
Allenton Primary	26.9	25.9
All Saints Infants School	17.8	17.8
All Saints Junior School	19.1	19.1
All Saints Catholic Voluntary Academy (Glossop)	16.0	16.0
Alvaston Junior Academy	22.7	22.7
Arboretum Primary School	18.6	18.6
Ash Croft Primary Academy	20.4	20.4
Ashbrook Junior School - from 1 September 2020	22.0	22.0
Ashgate Croft School	21.0	21.0
Ashwood Spencer Academy	20.3	20.3
Bakewell Church of England Infant School - from 1 September 2020	22.0	22.0
Bishop Lonsdale Church of England Primary School	24.8	23.8
Bishop Pursglove Church of England Primary School - from 1 September 2020	22.0	22.0
Bolsover Church of England Junior	17.9	17.9
Brackensdale Spencer Academy - from 1 April 2021	-	22.0
Breadsall Hill Top Primary	20.4	20.4
Brimington Infant School	19.9	20.9
Brimington Junior School	19.3	20.3
Brookfield Academy	21.0	22.0
Brookfield Primary School	21.0	21.0
Brooklands Primary School	21.0	21.0
Carlyle Infant and Nursery School	21.0	21.0
Cavendish Close Junior	19.5	19.5
Cavendish Multi-Academy Trust	21.1	21.1
Chaddesden Park Primary	23.3	23.3

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Chaucer Infant School - from 1 May 2020	22.0	22.0
Chaucer Junior School - from 1 April 2020	22.0	22.0
Chellaston Fields	21.0	21.0
Christ Church Church of England Primary School	21.5	21.5
Christ The King Catholic Voluntary Academy (Alfreton)	17.4	17.4
Church Gresley Infant and Nursery School	21.0	21.0
Cloudside Junior	17.4	17.4
Cotton Farm Primary Academy	21.5	21.5
Da Vinci Academy	24.1	24.1
Darley Churchtown Primary	17.5	17.5
David Neiper Academy	18.8	19.8
Derby Cathedral School	19.3	19.3
Derby Manufacturing University Technical College	20.1	19.1
Derby Moor Community Sports College	17.4	17.4
Derby Pride Academy	16.5	17.5
Derby St Chads C of E (VC) Nursery and Infant School	19.3	19.3
Derwent Primary	20.8	20.8
Djanogly Learning Trust (Multi-Academy Trust)	17.9	17.9
Dovedale Primary School (Willows Academy Trust)	20.9	20.9
Ecclesbourne Academy	23.6	24.6
Eckington Junior	19.4	19.4
Eckington School	19.2	19.2
Elmsleigh Infant and Nursery School - from 1 April 2020	22.0	22.0
English Martyrs Catholic Voluntary Academy	19.5	20.5
Esteem Multi-Academy Trust	16.6	16.6
Field House Infant School - from 1 December 2020	22.0	22.0
Firs Estate Primary School	18.5	18.5
Frederick Gent	18.3	18.3
Friesland School	16.5	16.5
Gamesley Primary School	17.9	17.9
Glossopdale School - from 1 December 2020	22.0	22.0

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Grampian Primary Academy	20.2	21.2
Granville Sports College	15.5	15.5
Griffe Field Primary School	22.4	22.4
Hackwood Primary Academy	21.0	21.0
Hague Bar Primary School - from 1 November 2020	22.0	22.0
Hardwick Primary	19.4	19.4
Heanor Gate Science College	21.5	22.5
Heath Primary School	16.4	16.4
Heritage High School	18.0	18.0
Highfields Spencer Academy - from 1 September 2020	22.0	22.0
Hilton Primary School	17.0	17.0
Hodthorpe Primary School	21.0	21.0
Holbrook Primary School	22.4	22.4
Holme Hall Primary School	21.0	21.0
Hope Valley College	24.3	25.3
Horsley Woodhouse Primary School	18.8	18.8
Howitt Primary Community School	18.2	18.2
Inkersall Primary School	21.2	22.2
Immaculate Conception Academy Trust	19.7	18.7
Ironville and Codnor Park Primary	17.0	17.0
Ivy House School	21.0	21.0
John King Infant	17.3	17.3
John Port Academy	21.4	22.4
John Flamsteed Community School	21.2	22.2
Kilburn Junior School	16.8	16.8
Kirk Hallam Academy	19.4	20.4
Kirkstead Junior Academy	18.0	18.0
Ladywood Primary School - from 1 December 2020	22.0	22.0
Lakeside Community Primary School	19.1	19.1
Landau Forte Moorhead Academy	20.6	21.6
Langwith Basset Junior Academy	16.1	16.1
Lawn Primary School	21.0	21.0

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Leesbrook School	20.7	21.7
Longford C of E Primary School	21.0	21.0
Longwood Community Infant	16.3	16.3
Loscoe C of E Primary School and Nursery	16.7	16.7
Mary Swanwick Primary	20.2	20.2
Merrill Academy	23.5	24.5
Model Village Primary School - from 1 June 2020	22.0	22.0
Newbold Church of England Primary School	18.3	19.3
New Whittington Primary	16.2	16.2
Noel Baker School	23.5	23.5
North Wingfield Primary and Nursery Academy	21.0	21.0
Oakwood Junior School (Odyssey Trust) - from 1 April 2021	-	19.7
Odyssey Trust (Multi-Academy Trust)	19.7	19.7
Old Hall Junior School	21.0	21.0
Outwood Academy Hasland Hall - from 1 March 2021	22.0	22.0
Outwood Academy Newbold	21.2	22.2
Peak Multi Academy Trust	20.3	20.3
Peartree Junior	21.6	21.6
Pennine Way Junior Academy	20.7	21.7
QEGS Multi-Academy Trust	22.6	23.6
Ravensdale Junior School	21.0	21.0
Redhill Primary School	21.7	22.7
Reigate Park Primary Academy	18.7	18.7
Richardson Endowed Primary School	21.0	21.0
Sawley Infant School (Willows Academy Trust)	21.0	22.0
Sawley Junior School (Willows Academy Trust)	21.2	21.2
Scargill Primary	19.9	19.9
Shardlow Primary School (Willows Academy Trust)	22.3	21.3
Shirebrook Academy	21.4	22.4
Somercotes Infant School	16.1	16.1
Somerlea Park Junior	20.0	20.0

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Springwell Community College	21.0	21.0
St Alban's Catholic Voluntary Academy (Derby)	20.3	20.3
St Andrew's School	21.0	21.0
St Anne's Catholic Voluntary Academy (Buxton)	19.2	19.2
St Benedict Voluntary Catholic Academy	23.0	24.0
St Charles' Catholic Primary Voluntary Academy (Hadfield)	17.5	17.5
St Edward's Catholic Academy	20.0	20.0
St Elizabeth's Catholic Voluntary Academy (Belper)	17.3	17.3
St George's Primary (New Mills)	19.2	19.2
St George's Voluntary Catholic Academy	21.1	22.1
St Giles Church of England Aided Primary School	21.3	22.3
St Giles Primary (Killamarsh)	16.9	16.9
St Giles School	21.0	21.0
St James' Church of England Aided Junior School - from 1 March 2021	22.0	22.0
St John Fisher Catholic Voluntary Academy	22.7	23.7
St John Houghton Catholic Voluntary Academy	21.6	22.6
St Joseph's Catholic Primary School (Matlock)	21.0	22.0
St Joseph's Catholic Primary School Voluntary Academy	18.6	19.6
St Joseph's Catholic Voluntary Academy (Derby)	20.1	20.1
St Laurence Primary School	21.2	21.2
St Margaret's Catholic Voluntary Academy (Glossop)	16.5	16.5
St Martin's School - from 1 May 2020	22.0	22.0
St Mary's Catholic High School Academy Trust	22.4	23.4
St Mary's Catholic Voluntary Academy (Derby)	20.3	20.3
St Mary's Catholic Voluntary Academy (Glossop)	19.0	19.0
St Mary's Catholic Voluntary Academy (New Mills)	15.5	15.5
St Peter's C of E Aided Junior School	21.0	21.0
St Philip Howard Catholic Voluntary Academy	20.2	20.2

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
St Thomas Catholic Voluntary Academy (Ilkeston)	17.5	17.5
St Thomas More Catholic Voluntary Academy (Buxton)	18.2	18.2
St Werburgh's C of E Primary School	21.0	21.0
Street Lane Primary School	19.0	19.0
Stubbin Wood School - from 1 June 2020	22.0	22.0
Swanwick Hall School	21.2	22.2
Temple Normanton Primary	24.8	24.8
The Bolsover Academy	21.9	22.9
The Green Infant School	21.0	21.0
The Long Eaton Academy	20.9	21.9
The Mease at Hilton	21.0	21.0
The Ormiston Ilkeston Enterprise Academy	24.7	25.7
The Pingle Academy	18.9	18.9
The Ripley Academy	26.0	27.0
Tupton Hall School	21.0	21.0
Tupton Primary and Nursery Academy	21.0	21.0
Turnditch Church of England Primary School	21.2	22.2
Village Primary School	20.1	20.1
Waingroves Primary School - from 1 December 2020	22.0	22.0
Walter Evans Primary School	21.1	21.1
Walton Holymoorside Primary School	21.0	21.0
Walton On Trent C of E Primary and Infant School	19.0	19.0
West Park Academy	22.2	23.2
Westfield Infant School	21.0	21.0
Whaley Thorns Primary School - from 1 June 2020	22.0	22.0
William Gilbert Endowed (C of E) Primary School	22.2	23.2
Wilsthorpe School	19.0	19.0
Woodlands School	20.9	21.9
Woodthorpe Cof E Primary School	21.0	21.0
Wyndham Primary Academy (Boulton Primary School)	17.7	18.7
Zaytouna Primary School (previously Al-Madinah School)	20.0	20.0
Town and Parish Councils - Group 1	18.2	18.2
Town and Parish Councils - Group 2	18.8	18.8

Town and Parish Councils

Group 1	Group 2
Ashbourne Town Council	Alfreton Town Council
Belper Town Council	Blackwell Parish Council
Clay Cross Parish Council	Breaston Parish Council
Dronfield Town Council	Bretby Parish Council
Eckington Parish Council	Burnaston Parish Council
Killamarsh Town Council	Clowne Parish Council
Matlock Town Council	Codnor Parish Council
New Mills Town Council	Darley Dale Town Council
Old Bolsover Town Council	Draycott Parish Council
Pinxton Parish Council	Hatton Parish Council
Shirebrook Town Council	Heanor and Loscoe Town Council
Staveley Town Council	Heath and Holmewood Parish Council
Whitwell Parish Council	Kilburn Parish Council
Wirksworth Town Council	North Wingfield Parish Council
	Repton Parish Council
	South Normanton Parish Council
	Stenson Fields Parish Council
	Tibshelf Parish Council
	Wingerworth Parish Council
	Woodville Parish Council

The contribution rates payable by Admission Bodies, expressed as a percentage of pensionable payroll are:

	Total contribution rate % of pensionable payroll	
	2020-21	**2021-22**
Accuro FM Ltd	32.4	32.4
Accuro FM Ltd (De Ferrers Trust) - from 1 September 2020	0.0	0.0
Accuro FM Ltd (St Andrew's Academy) - from 1 November 2020	0.0	0.0
Action for Children	16.5	16.5
Action for Children (Derby City) - from 1 September 2020	0.0	0.0
Active Nation	19.8	19.8
Agincaire Ltd (Derby)	0.0	29.7
Alliance Environmental Services Ltd	18.3	18.3
Amber Valley Norse (AVBC) - from 27 June 2020	0.0	35.8
Amber Valley Schools Sports Partnership	23.0	23.0
Arvato Government Services Ltd (Derbyshire Dales) - to 17 January 2021	0.0	-
Arvato Government Services (Sefton) Ltd - to 17 January 2021	14.5	-
Aspens Services Ltd	28.5	28.5
Aspens Services Ltd (Kirk Hallam)	0.0	34.4
Balfour Beatty Power Networks Ltd	17.3	17.3
Balfour Beatty (Derby BSF)	25.1	25.1
Belper Leisure Centre Ltd	33.3 plus £0.001m	33.3 plus £0.001m
Caterlink Ltd (Abercrombie)	28.8	28.8
Caterlink Ltd (Cavendish Learning Trust)	29.6	29.6
Caterlink Ltd (De Ferrers Trust)	31.7	31.7
Caterlink Ltd (Lea Primary)	12.9	12.9
Caterlink Ltd (Parkwood and Redwood)	0.0	35.0
Caterlink Ltd (Reigate Primary)	58.9	58.9
Caterlink Ltd (Shirebrook/Stubbin Wood) - to 3 April 2020	16.0	-
Caterlink Ltd (St Marys)	33.4	33.4
Caterlink Ltd (St Marys High School)	31.2	31.2
Caterlink Ltd (Swanwick Hall) - to 3 April 2020	57.4	-
Chesterfield Care Group	3.3	3.3

	Total contribution rate % of pensionable payroll	
	2020-21	2021-22
Churchill Contract Services (Hilton School)	0.0	32.8
Churchill Contract Services (St Marys)	40.0	40.0
Churchill Contract Services (Spencer Academy Trust)	0.0	34.1
Churchill Services (Kirk Hallam) - from 1 August 2020	0.0	0.0
Clean Slate (UK) Ltd (Pottery)	16.4	16.4
Compass Contract Services (UK) Ltd	17.0	17.0
Compass Services Ltd (DCC)	18.5	18.5
Concertus Derbyshire Ltd - from 1 September 2020	0.0	21.0
Connex Community Support	21.0	21.0
Crich Tramway Museum Society	30.8	30.8
CSE Education - to 31 August 2020	26.3	-
Derby County Community Trust	35.5 plus £0.008m	35.5 plus £0.008m
Derby Museums and Arts Trust	22.1	22.1
Derbyshire Building Control	26.1	26.1
Derbyshire Student Residences Ltd	27.7	27.7
EMH Homes	21.1	21.1
Futures Homescape Ltd	33.4 plus £0.095m	33.4 plus £0.095m
Interserve Catering Services Ltd	24.4	24.4
Interserve Integrated Services Ltd	20.8	20.8
Kier Ltd - to 31 July 2020	13.8	-
Leisure Amber Valley BC	13.8	13.8
Legacy Leisure Ltd (Parkwood Leisure) Erewash	26.8	26.8
Macintyre Care Ltd	0.0	0.0
Mellors Catering	0.0	0.0
Mellors Catering (Learners Trust) - from 1 August 2020	0.0	0.0
Mellors Catering (Murray Park)	30.0	30.0
Mellors Catering (Shirebrook and Stubbin Wood) - from 4 April 2020	0.0	0.0
Mellors Catering (Two Counties)	0.0	36.5
Mitie Facilities Services Ltd	30.2	30.2
NSL Ltd	20.3	20.3
Parkwood Leisure Limited (Buxton Pavillion)	24.3	24.3

	Total contribution rate % of pensionable payroll	
	2020-21	**2021-22**
Platform Housing Group	11.4	11.4
RM Education Ltd - to 30 June 2020	33.7	-
Taylor Shaw	24.4	24.4
Veolia (Amber Valley Refuse) - to 26 June 2020	0.0	-
Veolia (Chesterfield Refuse)	8.3	8.3
Vertas Derbyshire Ltd - from 1 September 2020	0.0	21.0
Vinci Construction UK (Ashcroft & Portway)	30.8	30.8
Vinci plc (Norwest Holst)	9.5	9.5
Wealdon Leisure	25.8	25.8

Audit Opinion to be inserted

AUDITOR'S OPINION – PENSION FUND ACCOUNTS

Audit Opinion to be inserted

AUDITOR'S OPINION – PENSION FUND ACCOUNTS

Audit Opinion to be inserted

AA rated corporate bonds
Financial indicator of very good quality, low risk debt securities. These are assigned by credit rating agencies such as Moody's, Standard & Poor's and Fitch Ratings to have letter designations (such as AAA, B, CC).
Account
A group of expenditure items or balances with similar qualities will be summated into an 'account' balance such as an individual reserve account, or revenue expenditure account.
Accounting Policies
The Councils document outlining how it will account for all of its operations.
Accounting Principles
Commonly accepted set of concepts or assumptions that have to be followed when producing financial statements.
Accounting Standard
Statutory guidelines which explain how to treat financial activities in the financial statements. See International Financial Reporting Standards (IFRS).
Accrual
The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.
Accruals Concept
Requires operations of the Council to be reported in the financial statements at the point which they took place, rather than when the cash was paid or received.
Accumulating Absences
Types of leave which employees are entitled to each year; which if untaken in one financial year will be added to the entitlement for the following year.
Acquired / Acquisition
Operations or assets which have become the responsibility of the Council, such as through purchase, a Government reorganisation, donation or merger.
Actuarial
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Actuaries
An actuary is a professional who deals with the financial impact of risk and uncertainty. Actuaries provide assessments of financial systems and balances.
Amortisation
The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed for example wear and tear.
Amortised Cost – Financial Instruments
The valuation of a financial asset or liability based on repayments of principal, interest accrued at a constant rate and the difference between the initial amount recognised and the maturity amount. For financial assets this is adjusted by any loss allowance.

Amortised Cost – Other Non-Current Assets
The cost of intangible assets reduced by the amount of amortisation charged to date.
Annual Leave
Yearly entitlement of paid time off for Council staff.
Asset Register
Listing of all property (for example land, buildings, furniture, infrastructure, software) owned by the Council. The register holds all financial information relating to the asset.
Assets
Right or other access to future economic benefits.
Assets Held For Sale
Non-Current Assets which meet the relevant criteria to be classified as held for sale.
Assets Under Construction
Assets which are in the process of being constructed and are not yet operational.
Associates
An entity (including partnerships) which is not a subsidiary or joint venture, where the Council has significant influence.
Authorised For Issue
The date which the financial statements have been certified by External Audit and signed the relevant Officers and Members of the Council.
Balance Sheet
Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.
Balance Sheet Date
The date at which the Council reports its financial statements. For Derbyshire County Council, this date is the 31 March.
Bias
Influence or direction.
Billing Authorities
Councils who are responsible for issuing Council Tax Invoices and collection of income from local residents. The relevant share of that income is then transferred to the Council.
Borrowing Requirement
The amount required to be loaned from Money Markets or other financial institutions or Councils in order to support capital expenditure.
Business Rates
Local property taxation issued to businesses, similar to Council Tax on residential properties. Also known as National Non Domestic Rates (NNDR).
Cabinet
Sub-committee of elected Councillors representing the functions and portfolios of the Council.

Capital
Assets which have a long term value (more than one year) to the Council such as Buildings.
Capital Adjustment Account
Capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.
Capital Appreciation
Increase in the worth of assets over time due to changes in market conditions or enhancements to the asset.
Capital Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.
Capital Expenditure
Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.
Capital Financing Requirement
The Capital Financing Requirement measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It is a measure of the underlying need to borrow for a capital purpose.
Capital Grant
Grant which is intended to fund capital expenditure.
Capital Grants Unapplied Reserve
Balance of capital grants received which is available to finance future capital expenditure.
Capital Receipts
Income received from the sale or utilisation of property, such as sale proceeds or rental income on finance leases.
Capital Reserves
Reserve balances held for capital purposes.
Carrying Value
The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.
Cash Flow Statement
This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Cash Flows
Monies received or paid either as cash or bank transactions. Cash inflow denotes money received, cash outflow denotes money paid.
Chartered Institute of Public Finance And Accountancy (CIPFA)
The main authority on accountancy and financial management for the public services in the UK.
CIPFA Code
A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts

Collection Fund

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

Collection Fund Adjustment Account

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

Collection Fund Statements

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

Community Assets

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

Comparative Year

The previous year to that which is being reported.

Component Accounting

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

Comprehensive Income And Expenditure Statement

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

Condition

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

Contingent Assets And Liabilities

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

Contract Asset

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

Contract Liability

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

Contributions

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

Core Service Areas

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

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

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

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

Credit
A credit represents income to a revenue account.

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

Creditor
Represents the amount that the Council owes other parties.

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

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

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

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

Debit
A debit represents expenditure against a revenue account.

Debt Outstanding
The remaining principal balance owed on a loans or investments.

Debtors
Represents the amounts owed to the Council.

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

Defined Benefit Scheme

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

Defined Contribution Scheme

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

De-Minimis

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

Department For Education

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

Depreciable Replacement Cost (DRC)

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

Depreciation

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

Derecognition

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

Discount

An allowance received through the early repayment of debt.

Discounted

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

Discounted Cash Flow

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

Discretionary Benefits

Benefits given to employees which are not statutorily obliged.

Disposal

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

Donated Assets

Assets which have been acquired at below market cost.

Dowry
One off payment made as donation, contribution or pre-payment of an obligation.
Earmarked Reserves
Reserve balances which have been set aside for future spending in a specific area.
Economic Life
The number of years the Council is expected to receive economic benefits to deliver services.
Effective Rate
The interest rate embedded within a contract or lease, allowing for regular annual payments and the time value of money.
Employee
A person who holds an office within the Council, but does not include a person who is an elected Councillor.
Employee Benefits
Monetary or other awards to employees of the Council in exchange for services provided. For example, pay, holidays, and pensions.
Employee Costs
The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pension’s costs.
Employer Contributions
The payments made to an employee’s pension scheme by the Council.
Enhancement Expenditure
Expenditure which increases the value of an asset.
Entity
Something with a legal status such as the Council, a company, or an individual.
Events After The Balance Sheet Date
An event which occurs between 31 March and the date that the accounts are signed which would alter the conclusion reached by any reader of the accounts.
Exceptional Items
Material items that result from the ordinary activities of the Council, but to a value so significantly abnormal that is not expected to recur at that level.
Existing Use Value (EUV)
The value of an asset based on what it is currently being used for. For example, two identical buildings in construction and design may have different values where one is used as a school and another is used as offices.
Exit Packages
The payment made to an employee upon leaving the Council.
Expenditure
Payments made of goods or services.
Fair Value
The income that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Other Comprehensive Income (FVOCI)

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

Fair Value Through Profit or Loss

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

Finance Income

Interest receipts.

Finance Lease

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

Financial Assets

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

Financial Instruments

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

Financial Instruments Adjustment Account

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

Financial Instruments Revaluation Reserve

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

Financial Liabilities

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

Financial Statements

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

Financial Year

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

Five Year Financial Plan (FYFP)

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

Fixed Assets

See Non-Current Assets.

Flexi-Time

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

Gain

Where income exceeds expenditure.

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

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

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

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

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

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

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

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

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

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

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

IFRIC
International Financial Reporting Interpretation Committee.

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

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

Inception

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

Income

Cash flows into the Council.

Income From Service Recipients

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

Income In Advance

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

Infrastructure

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

Intangible Asset

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

Interest Accrued

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

Interest Payable

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

Interest Rate

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

Interest Receivable

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

International Accounting Standards (IAS)

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

International Financial Reporting Standards (IFRS)

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

International Public Sector Accounting Standards (IPSAS)

Public Sector regulations outlining the method of accounting for activities.

Inventories

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

Investment Property

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

Joint Venture
An organisation which the Council has partial control and ownership, but decisions require the consent of all participants.
Lease
Financial contract for the continuing use of an asset.
Lease Interest
The interest rate inherent within a lease allowing for regular rental payments and an adjustment for the time value of money.
Lease Payments
Regular payment made in exchange for the use of an asset.
Leases
A method of funding expenditure by payment over a defined period of time.
Lessee
The person or organisation that is using or occupying an asset under lease (tenant).
Lessor
The person or organisation that owns an asset under lease (landlord).
Liabilities
An obligation to transfer economic benefits. Current liabilities are payable within one year.
Loans And Receivables
Financial assets which are not quoted in an active market and have either a fixed or determinable payment.
Loan Modification
A change to the terms of an existing loan. Changes may include a reduction in the interest rate, an extension of the loan term, or a reduction in the principal balance.
Loan Modification Gain/Loss
An amount arising from adjusting the carrying value of a loan to reflect the cash flows under the renegotiated terms of the loan, but accruing interest at the rate specified in the original loan terms.
Long Term Debtor
Income due in more than 365 days of the balance sheet date.
Long Term Liability
Payment due in more than 365 days of the balance sheet date.
Loss
Where expenditure exceeds income.
Loss Allowance
A reduction to the value of financial assets for the expected credit losses relating to those assets.
Materiality / Material
Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.
Maternity Leave
Statutory time off due to pregnant women and new mothers.

Members
Elected Councillors responsible for the democratic leadership of the Council.
Members Allowances
Allowances paid to members in association with their roles and responsibilities.
Minimum Lease Payments
The minimum which will be paid or received over the life of a lease agreement.
Minimum Revenue Provision (MRP)
A prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements.
Misstatement
An error whereby something was included in the accounts wrongly.
Modern Equivalent Asset (MEA)
The MEA should give the same service and performance as the existing asset, but should use modern materials and technology.
Movement In Reserves Statement (MiRS)
The statement detailing the movement in the reserves of the Council.
Net Cost Of Services
The direct cost of delivering the Councils services after allowing for specific income received by those services.
Net Operating Expenditure
The cost of operational items which are not direct services, such as disposing of the Councils assets, after allowing for specific income received.
Net Realisable Value
The estimated selling price of an asset in the ordinary course of operations less any completion costs and costs to make the sale, exchange or distribution.
Non Distributed Costs
The value of revenue operating expenditure that is not able to be apportioned to one of the authorities core service areas.
Non-Accumulating Absences
Types of leave an employee may take in a financial year, which if are not taken do not get added to the following year's entitlement. For example Sick Leave.
Non-Current Assets
Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.
Non-Vesting
An obligation which cannot be settled by a monetary payment.
Notes To The Accounts
A set of supplementary comments, tables and information which further explains the main Financial Statements.
Obligation
The requirement to transfer economic benefits.
Operating Lease
A lease where an asset is used only for a small proportion of its economic life.
Operational
The normal activities of the Council.

Past Service Cost

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

Payment In Advance

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

Pension Liabilities

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

Pensions Costs

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

PFI

See Private Finance Initiative.

PFI Credits

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

Pooled Investment Funds Adjustment Account

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

Premium

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

Pre-Payments

See payment in advance.

Present Value

See Discounted.

Previous Year Adjustments

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

Principal

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

Private Finance Initiative (PFI)

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

Projected Unit Method

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

Property, Plant And Equipment Assets (PPE)

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

Provisions
Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.
Prudent
A cautious approach to present the Financial Statements without significant risk of failure to achieve the assets presented.
Quoted Market Prices
A method of determining the fair value of financial assets via prices quoted on an active market.
Recognition
The process upon which assets are deemed to belong to the Council ether by purchase, construction or other form of acquisition.
Receivable
The Council's unconditional right to receive consideration in exchange for goods or services that it has transferred to a service recipient.
Residual
The remaining value in an asset at the end of a contract or lease.
Retirement Benefits
Remuneration package received by employees after their retirement from the Council.
Retrospectively
Changes made to previous years accounts to alter the treatment which has previously been reported.
Revaluation Gain
The increase to the fair value of an asset following a valuation.
Revaluation Reserve
This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.
Revenue
The cost associated with providing Council services.
Revenue Expenditure
Expenditure which is not capital.
Revenue Expenditure Funded From Capital Under Statute (REFCUS)
This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.
Revenue Grant
Grant which is not capital.
Risk
The chance of an asset not coming to fruition or a liability being greater than anticipated.
Royal Institute Or Chartered Surveyors (RICS)
An international organisation who represent everything professional and ethical in land, property and construction.
Salaries And Wages
Payments made to employees in exchange for service worked at the Council.

Service Concession Arrangements
Arrangements which involve the supply and maintenance of assets and service delivery.
Service Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.
Service Expenditure Reporting Code of Practice (SERCOP)
CIPFA guidelines on reporting revenue expenditure.
Service Level Agreements
Contract of service.
Short Term
Less than 365 days from the balance sheet date.
Short Term Benefits
Employee benefits earned and consumed during employment.
Significant
A measure of materiality where the value is deemed to be almost all of the total value in question.
Soft Loans
Low interest rate loans.
Spot Yields
A calculation of the projected return on bonds if held to maturity.
Staff
See employee.
Statute
Set out in legislation.
Straight Line Basis
The method of calculation of depreciation to allocate an equal amount of depreciation each year over an asset's useful life.
Support Services
Indirect costs of providing Council services including HR, Finance, Legal and Property Maintenance.
Surplus
Arises when income exceeds expenditure or when expenditure is less than available budget.
Surplus Assets
Assets which are no longer in operation.
Tangible
Physical, can be touched.
Tenant
The person or organisation that is occupying an asset under lease.
Termination Benefits
Employee benefits paid upon termination of employment such as redundancy.
The Code
CIPFA guidelines on accounting within Local Government.

Transactions
Individual items of income or expenditure.

Treasury Management
Utilisation of cash flows through investments and loans.

Unidentified Income
Income received by the Council where the reason for the income is unknown.

Unusable
Balances which are not available to support future spending.

Usable
Balances which are available to support future spending.

Useful Life
The period with which an asset is expected to be useful to the Council in its current state.

Value Added Tax
National taxation charged on goods and services.

Vesting
Obligation due which can be paid in cash.

Work In Progress
The fair value of incomplete contracts for goods and services which are to be charged to external customers.

CONTACT INFORMATION

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DERBYSHIRE
County Council

Annual Governance Statement 2020-21

History			
Version	**Date**	**Detail**	**Author**
1.3	05/07/2021	Third Draft AGS 2020-21 for inclusion in pre-audit accounts	Audit Services

Contents

Introduction and the Purpose of the Governance Framework

Defining Corporate Governance

Corporate governance includes the systems, processes and values by which councils operate and through which they engage with, and are held accountable to, their communities and stakeholders. Good corporate governance underpins credibility and confidence in public services.

Derbyshire County Council is committed to effective corporate governance and has prepared the Annual Governance Statement by:-

- Reviewing the Council's Governance Arrangements against the CIPFA / SOLACE Delivering Good Governance in Local Government Framework;
- Assessed the effectiveness of the Governance Arrangements against the Local Code of Corporate Governance;
- Obtaining Executive Director Assurance Matrices;
- Considering the impact of External Assessments; and
- Monitoring the progress against the recommendations in the 2019-20 AGS Action Plan.

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Scope of Responsibility

Source: International Framework: Good Governance in the Public Sector (CIPFA)

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised and is responsible for ensuring that its business is conducted in accordance with the law and relevant standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

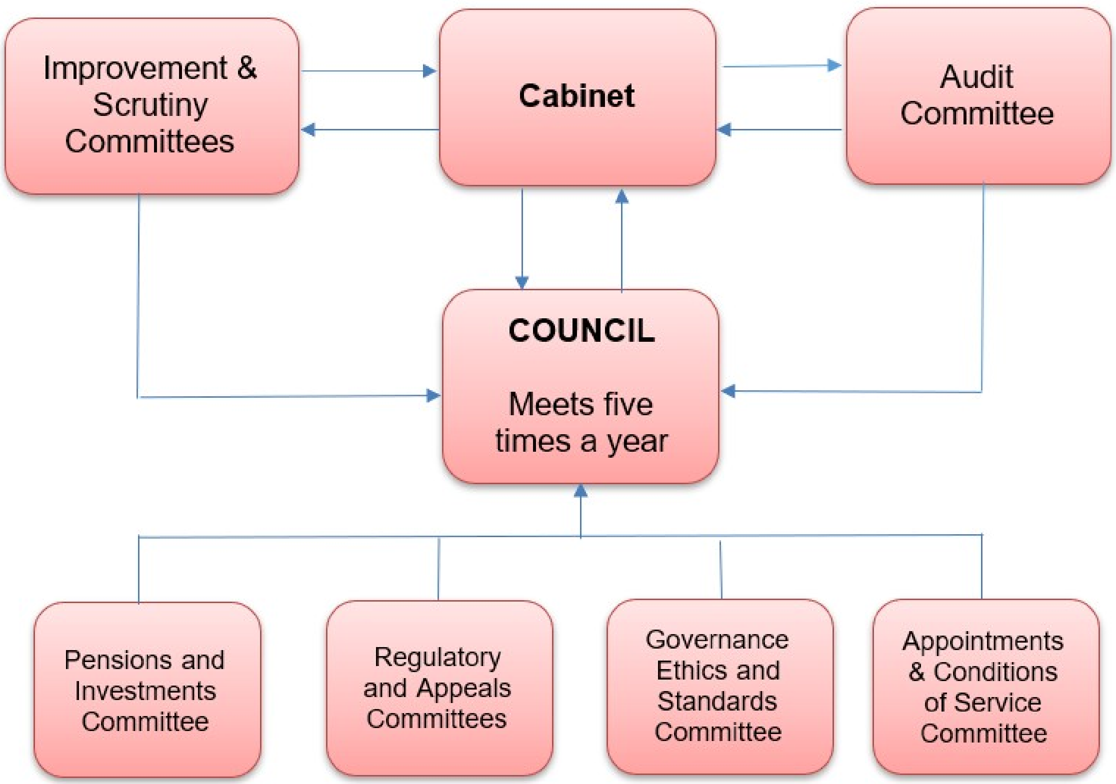
In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has developed an approach to corporate governance to ensure that it is consistent with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and demonstrates its commitment to corporate governance as "good corporate governance underpins credibility and confidence in our public services".

This Statement explains how the Council demonstrates compliance with the Framework and also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

Derbyshire County Council's Governance Framework and Structure

The 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 Authority 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. The governance framework has been in place at the County Council for the year ended 31 March 2021 and up to the date of the Statement of Accounts being certified by the Director of Finance & ICT.



Council

- 64 Elected Members who are democratically accountable to residents of their electoral division
- Members follow a Code of Conduct to ensure high standards in the way they undertake their duties
- Meetings are generally open for the public to attend except where confidential matters are being discussed
- Decides the overall policy framework and sets the budget each year and major plans

Cabinet

- Consists of the Leader of the Council and eight Members
- Responsible for guiding the Council in the formulation of its corporate plan of objectives and key priorities
- Has executive responsibility for the implementation of the Council's key goals and objectives

Governance, Ethics and Standards Committee

- Promotes and maintains high standards,
- Assists Members in observing the Code of Conduct
- Advises the Council on matters relating to the Code

Appointments & Conditions of Service Committee

- Approves corporate employment policies
- Determines terms and conditions of service
- Specific role in the appointment and disciplinary procedure for certain officers

Improvement and Scrutiny Committees

- Five Committees which support the work of the Cabinet and the Council as a whole
- Allow citizens to have a greater say in Council matters by holding inquiries in public into matters of local concern
- Lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery, and other public bodies
- Monitor the decisions of the Cabinet
- They can 'call-in' a decision which has been made by the Executive but not yet implemented

Audit Committee

- Independently contributes to the Council's process of ensuring internal control systems are maintained
- Responsible for approving and monitoring progress of the annual Audit Plan
- Considers matters referred to the Committee by the Council's external auditor
- Approves the Annual Statement of Accounts and the Annual Governance Statement

The Annual Governance Statement 2020-21

During the 2020-21 financial year, events noted in the previous AGS came into effect as the Council had undertaken significant reviews of its Constitution including the Financial Regulations and Standing Orders relating to Contracts. As a result revised Financial Regulations and Standing Orders were implemented from 1 April 2019, with the remainder of the Constitution becoming operational from 27 May 2019. These updates were considered to significantly strengthen the overall robustness and integrity of the governance framework.

There has also been some progress in respect of the Council's Corporate Governance Group which is now chaired by the Head of Paid Service, with representatives from each Department as well as the Director of Legal & Democratic Services, Director of Finance & ICT, Director of Organisation Development & Policy and Assistant Director of Finance (Audit). A number of meetings were held during 2020-21 and the Group has been developing a Local Code of Corporate Governance. In addition, the Group has looked to schedule reviews of key governance policies, procedures and documents to coincide with Committee Meetings as well as considering lessons learnt from other public bodies.

The Risk Management Strategy was approved by Cabinet on 16 March 2020. This is intended to assist the Council in demonstrating good corporate governance by reducing risk, stimulating performance throughout the Council, enhancing services, promoting Value for Money and improving leadership, transparency and accountability. This is another significant step towards improving governance and the Strategy includes an implementation plan to ensure that risk management is embedded across the Council.

During 2019, the Council's Audit Services Unit was deemed to conform in all material aspects to the Public Sector Internal Audit Standards (PSIAS) following the five-yearly independent review by external consultants Cipfa C.Co. The Standards recognise that a professional, independent and objective internal audit service is one of the key elements of good governance.

The Corporate Peer Challenge of the Council took place in October 2018 which identified that its approach to governance appeared to be sound. The resulting report was considered and approved by Cabinet on 31 January 2019 before it was published. At this meeting Cabinet approved plans to develop a clear action plan, to address recommendations set out in the report alongside priority actions identified in the Enterprising Council Strategy and to receive future reports on progress on a six-monthly basis. Progress against performance related actions are being reported to Corporate Management Team in respect of the Council Plan and most recommendations have been implemented. However, reports on progress have not been taken to Cabinet on a six-monthly basis. A follow up peer review visit is due to take place in the latter half of 2021.

Coronavirus (Covid-19)

Possibly the most significant risk to the Council and its governance arrangements was not realised until March 2020 when the impact of Covid-19 became apparent. This was a significant issue during the whole of the year under review, the effect of the virus has radically changed the approach the Council has had to take in order to maintain an effective control framework around the way it makes decisions and delivers services. It has also created new challenges for both management supervision and internal audit oversight of activities. At the same time, it has acted as an impetus for change and speeded up the delivery of new ways of working and strategic transformation.

<u>Immediate Impacts</u>

There was an immediate impact on decision making processes in March 2020, which saw many meetings cancelled as the Council was not able to hold these in accordance with regulations, and technology needed to be deployed in order that meetings could be facilitated. This had been resolved by May 2020 and virtual meetings have been held since that time. From May 2021 formal member meetings have now reverted back to being held in-person. The existence of an adequate governance framework ensured that the decision-making processes were robust and the Council could continue its core functions.

Despite the impact of Covid-19 (particularly around the timing of property valuations), the Council submitted the certified pre-audit Statement of Accounts before the statutory deadline of the end of July. The majority of staff were working at home during the period when the accounts were being prepared. This demonstrates that the Council has a robust and embedded framework which enables the production of the Statement of Accounts in challenging circumstances. The Council's systems and IT infrastructure have proved to be effective to ensure that staff were able, and can continue, to work solely from home in the short to medium term.

Prior to Covid-19, the Council was in a sound financial position effectively planning and managing its resources and investments, therefore, it had the capacity and capability to deal with the crisis, subject to appropriate support from Government towards meeting new spending commitments that arose as a result of the pandemic. However, it has been

recognised that the Council has had to make its processes more agile and as part of that how to adapt its financial planning process. A financial forecasting model was used to help support financial stability during the outbreak.
As the Council reacted to the developing situation, it had to adapt quickly which consumed time and resources that otherwise would have been deployed elsewhere. The Council has provided support to individuals, businesses and organisations within the community across Derbyshire to help them through the crisis. During this time, although efforts were made to ensure that changes to systems were reviewed to maintain effective control, an assumption has to be made that all proposed changes were notified through the correct channels and were considered. This may present a future risk and will be monitored.

The longer-term outlook remains a little clearer than at this time in 2020. Whilst an initial surge of Covid-19 cases passed and the severe restrictions imposed by the first lockdown have been eased and lifted, England has been subject to further periods of restrictions as further waves of Covid-19 cases emerged. The successful roll out of vaccines since December 2020 is providing real hope that there can be a return to a way of living with the virus that offers many of the same freedoms that were enjoyed before March 2020, however, in the short to medium term protective measures will need to continue to be in place to limit transmission of the virus. This will, in turn, continue to impact on the Council's frontline services and office working environments, the impact of which on vulnerable and/or isolated service users may not be apparent for some time in the future. Inevitably there is likely to be an impact on the Council's performance/increase in pressure for services as a result of Covid-19, and therefore it will be essential that as the Council moves into the recovery phase it looks at those services which have been adversely affected and how to support their effective recovery.

The Council has recognised the impact that the virus has had on staff and has undertaken periodic surveys to gauge opinion and determine employee wellbeing. These surveys have tended to confirm that the majority of respondents were able to work effectively from home and had adapted to the circumstances. The Council's IT systems have proved themselves to be robust and effective throughout the past year, many improvements have continued to be made and whilst there was a pause on the pace of transformation in early 2020 this hasn't affected change programmes as much over the rest of the year. In the medium to long term, the impact of Covid-19 on staff either as a result of actually having caught the virus and being extremely unwell, losing a relative or close friend, feeling isolated, or from having unsuitable working arrangements will have an impact. Similarly, as staff return to offices when they reopen, this may also affect wellbeing, especially where individuals have become accustomed to the flexibility of working from home with less structure and no commuting required.

The recovery phase will undoubtedly be a difficult period of transition, but the council is taking sound measures through its Modern Ways of Working programme and Wellbeing approach to mitigate these effects and to positively take advantage of opportunities that have emerged.

The Effectiveness of the Council's Governance Arrangements

As part of this process, an assessment has been made of the Council's performance against each of the seven core principles using the following criteria:-

Category	Definition
Strong	The governance framework is effective and fit for purpose, although some minor weaknesses and improvements may have been identified.
Good	Whilst the governance arrangements are generally effective, there are gaps within the framework which need to be addressed. Should these issued remain unaddressed, there is an increased risk that the Council may be exposed to reputational risk.
Review	Significant weaknesses have been identified in the governance arrangements which expose the Council to reputational risk.
Action	The governance arrangements are considered to be deficient as weaknesses have been identified in a number of key areas rendering the overall framework ineffective and leaving the Council open to a high risk of error/abuse and significant reputational risk/damage.

Arising from this assessment of governance arrangements an Action Plan has been developed and is attached. Detailed actions and dates for completion will be determined to address each area for improvement which will be reported to the Audit Committee who will, in turn, monitor progress.

The Annual Governance Statement summarises the findings of the review of the Council's existing governance arrangements.

The review examined the Council's position against the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which defines the seven core principles, each supported by sub-principles which underpin the governance framework of the Council.

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	**Review**	➢ The Council Plan sets out the Authority's key priorities; ➢ The Constitution details the roles of the Cabinet, Committees, full Council, Executive Directors and Statutory Officers and continues to be reviewed and updated; ➢ Codes of Conduct define the standards of behaviour for Members and officers; ➢ The Authority operates an Equality and Diversity Policy, Whistleblowing Policy and Complaints Procedures; ➢ An Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Anti-Money Laundering Policy demonstrate the Council's stance against fraud; ➢ The Monitoring Officer is responsible for ensuring the lawfulness of decisions taken by Council, Cabinet, Committees and officers; ➢ Embedded arrangements for the delivery of Improvement and Scrutiny; ➢ Financial Management Arrangements conform to the Cipfa Statement on the Role of the Chief Financial Officer in Local Government (2016); ➢ The Governance, Ethics and Standards Committee monitors and reviews the operation of the Constitution and the	➢ The Employee Code of Conduct was last updated in 2015. The requirements of the Code should be reflected in other policies and not be seen in isolation It is anticipated that this will completed by December 2021; ➢ Officers' declarations of interests and gifts and hospitality are not consistently made and recorded. An officer group has been established to review this; ➢ The Whistleblowing Policy is currently being updated and will be communicated widely This is scheduled for July 2021; ➢ Implement the good practice recommendations following receipt of recent report from the Committee on Standards in Public Life. A target date has been set for December 2021; ➢ The Anti-Fraud arrangements could be more widely communicated and supported by training. A training module has been developed using the Online Learning Platform with the	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		ethical framework and has conducted a major review during the previous year; ➢ Role profiles have been agreed for Members and together with Personal Development Plans inform Member Development programmes; ➢ Clear channels of communication are in place for all sections of the community and stakeholders; ➢ Embedded Financial Regulations and Standing Orders, Procurement policies and practices. ➢ The Council's Corporate Governance Group is chaired by the Managing Executive Director and attended by Departmental Representatives and the Section 151 and Monitoring Officers. ➢ The Council reviews how it best protects its vulnerable residents and takes on board learning from all relevant reviews whether they are Derbyshire focussed or not.	intention of delivering this by December 2021. ➢ Review of the Derbyshire Partnership Toolkit should be completed by end September 2021.	
Principle B Ensuring openness and comprehensive stakeholder engagement	**Good**	➢ The Assistant Director of Finance (Audit) produces an Annual Report which is considered by Audit Committee, highlights both significant areas of good practice and those where improvements can be made. This Report includes the annual internal audit opinion which concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control; ➢ The Authority operates a partnership protocol, toolkit and database with specific requirements of partnership working defined in Financial Regulations; ➢ Certain partnership arrangements are	➢ More active use of parish/town councils and community groups has been considered and actions are required to achieve this; ➢ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes. The Thriving Communities governance arrangements have been reviewed and Terms of Reference refreshed. Representation from the Vision	

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What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		subject to annual review by Audit Services; ➢ The Council publishes Member decisions on the website; ➢ The Council engages with the citizens of Derbyshire; ➢ The Council consults stakeholders as part of the decision making process where appropriate; ➢ The Council fulfils its responsibilities on the Duty to Cooperate; ➢ Equality Impact Assessments are undertaken and considered in decision making; ➢ A Communications Strategy is in place; ➢ The Council consults with citizens, trade unions and business ratepayers when setting its budget; ➢ The Council has an "Enterprising Council" Strategy and approach designed to ensure services meet the needs of users, utilising the best delivery vehicle in each circumstance; ➢ The Council has an online Committee Management System to improve access to councillors and democracy.	Derbyshire Communities Chief Executive Lead on the Board has been secured which should lead to a greater understanding by September 2021.	
Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	**Review**	➢ The Council Plan outlines the Council's strategy and vision; ➢ Departmental and Service Plans are developed which are consistent with the overarching Council Plan and incorporate a range of performance measures; ➢ Progress against a range of targets is monitored; ➢ The Authority has in place an effective risk management framework; ➢ The Strategic Risk Register is subject to regular review;	➢ Ensure that decisions are taken with regard to, or based on the longer term view. The new report templates implemented in May 2021 should meet this requirement; ➢ More emphasis could be placed on measuring and monitoring longer term outcomes as opposed to outputs. This should be met using the revised report templates;	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		➢ Capital investment is structured and in line with the Investment Strategy.	➢ Ensure key equipment and processes to support business continuity planning are effectively maintained; ➢ A social value approach is in place. The Council has continued to develop and embed social value to ensure that the economic, environmental and social benefits are realised and captured consistently for Derbyshire when procuring services; ➢ Work has been ongoing to develop a comprehensive Asset Management Strategy. The final document will be considered by the Governance Group in 2021.	
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	**Review**	➢ Financial Regulations and Standing Orders in relation to Contracts are subject to periodic review by officers and the Audit Committee; ➢ Decision making protocols are in place; ➢ Social value considerations are included in decisions where appropriate; ➢ Financial, Procurement and ICT Strategies are in place; ➢ Member Report considerations include financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, social value, property and transport considerations; ➢ The Council has Improvement and Scrutiny Committees in place.	➢ Development of consistent and effective business cases; ➢ The Council could develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data. This is expected to be achieved through the development of cloud, SAP S4/HANA, other software, roles and use of intelligence by March 2022; ➢ Revised People Strategy will be useful to ensure consistent council wide approach and guide future investment in skills is due to be approved in July 2021. This needs to be fully embedded; ➢ Development of a robust post	

What is working well and areas for improvement

Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement	
			implementation review process for major projects. CMT approved the approach to review existing change projects and programmes and embed robust project management across the Council; ➢ Review of officer scheme of delegation to optimise achievement of outcomes. The use of Modern.Gov to assist the recording of decision making is expected to be completed by December 2021.	
Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	**Review**	➢ Members and officers work together to deliver a common purpose with clearly defined functions and roles; ➢ The arrangements for Member training and development are reviewed through the Member Development Working Group; ➢ Staff development is supported through the provision of generic and specific skills training including supporting the maintenance of professional standards and qualification training including use of the apprenticeship levy; ➢ Senior Leadership and Leadership Forums are embedded; ➢ The Council is implementing its Performance and Development Review (PDR) process to identify training and development opportunities.	➢ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes. The launch of the new performance management process (PDR) will be rolled out across the Council by March 2022; ➢ Workforce planning support has commenced in service areas that have high agency spend and recruitment and retention charges. Succession Planning has been identified as a priority within the People Strategy. Workforce planning proposals are expected by March 2022; ➢ Consistent training of new staff in the IT systems they are expected to use, alongside refresher training for existing staff to ensure effective use of systems. This is to be developed as part of the	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
			ICT restructure and new systems by December 2021.	
Principle F Managing risks and performance through robust internal control and strong public financial management	**Good**	➢ The Audit Committee operates in accordance with prescribed terms of reference and holds Statutory Officers to account. The Committee receives, approves and monitors the Audit Plans for internal and external audit; ➢ The Audit Committee monitors the effectiveness of the Authority's risk management arrangements; ➢ Audit Committee Members are provided with relevant training; ➢ The effectiveness of the governance framework including the system of internal control is reviewed annually; ➢ Audit Services review the effectiveness of the Authority's internal controls; ➢ The Council has a Risk Management Strategy; ➢ The Strategic Risk Register is subject to regular review and project specific risk logs are in place for major projects and partnerships which are subject to ongoing review; ➢ Emerging risks are identified by the reviews and from ongoing Audit work; ➢ Departmental risk registers are in place and regularly reviewed by management teams; ➢ Strong and effective information governance arrangements; ➢ The Council has been proactive in its approach to the General Data Protection Regulation (GDPR) and dealing with data breaches. ➢ Data Protection arrangements are	➢ Cyber security threats will require ongoing monitoring and development of appropriate responses which is a key work stream for the cyber security working group that was established in April 2021; ➢ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting. Further integration of risk is underway.	➢ Develop the process for lessons learnt from internal incidents and external Public Interest Reports.

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What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		continually monitored by the GDPR Group; ➢ The Council has a Medium Term Financial Plan and effective Budget Monitoring Procedures endorsed in the recent Corporate Peer Review by the Local Government Association; ➢ The Scrutiny Committees scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions; ➢ The standards of behaviour and conduct are detailed in the Protocol for Elected Member Behaviour and Conduct; ➢ Whistleblowing The Confidential Reporting Code enables individuals or organisations to disclose information about malpractice whilst offering protection; ➢ Performance management is well embedded at a Departmental level; ➢ The Council has established a working group to consider cyber security risks; ➢ Independence of Internal Audit and unrestricted access to all Members and officers as appropriate; ➢ Ensuring compliance with the principles set out in the Cipfa guidance on the Role of the Chief Financial Officer in public service organisations.		
Principle G Implementing good practices in transparency, reporting and audit to deliver effective	**Review**	➢ The Constitution defines how the Council operates and the decision making processes to ensure the Council is efficient, transparent and accountable to local people; ➢ Council, Departmental and Service Plans set out objectives and include performance targets; ➢ Council, Cabinet and Member meetings are	➢ Continue to improve robust systems for property valuations building on the enhancements completed during recent years; ➢ Continue to action the recommendations of LGA Peer Review to aid future improvement. The follow-up visit has been rescheduled for	

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What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
accountability		open to the public and minutes are published on the website through the online Committee Management System to aid transparency of the democratic process; ➢ Financial Statements are produced and published on a consistent and timely basis; ➢ Departmental Financial Schemes of Delegation supplement the Council's Financial Regulations and Standing Orders relating to Contracts; ➢ The Assistant Director of Finance (Audit) produces their Annual Report which is considered by Audit Committee and highlights both significant areas of good practice and those where improvements can be made; ➢ Partnership working arrangements are established; ➢ The Council routinely publishes data and meets the requirements of the Local Government Transparency Code; ➢ Schemes of Delegation were reviewed during 2020-21.	September 2021 with a new draft position statement considered by CMT on 1 June 2021 and working group meetings taking place fortnightly; ➢ Continue to review the Constitution to ensure it remains fit for purpose to deliver effective accountability. This has identified areas for review in 2021-22. ➢ Continue to develop systems and protocols to support and monitor partnership working. The initial focus has been to review the Partnership Protocol and approach as overall context for the work plan and future actions. ➢ Embed the process for the production of the AGS in a timely manner.	

The Annual Governance Statement & Opinion

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee and it is our opinion that the Council's corporate governance framework is generally fit for purpose and can be considered to be adequate. However, it is recognised that there are areas which could be improved and the Council has a plan to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address those opportunities for improvement highlighted above so as to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Barry Lewis
Leader of the Council

Date

Emma Alexander
Managing Executive Director

Date

On behalf of Derbyshire County Council

Action Plan - Areas for Improvement

Principle	Area for Improvement	Responsible Officer
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	➢ The Employee Code of Conduct was last updated in 2015. The requirements of the Code should be reflected in other policies and not be seen in isolation It is anticipated that this will be completed by December 2021.	Director of Organisation, Development & Policy
	➢ Officers' declarations of interests and gifts and hospitality are not consistently made and recorded. An officer group has been established to review this.	Director of Legal & Democratic Services
	➢ The Whistleblowing Policy is currently being updated and will be communicated widely This is scheduled for July 2021.	Director of Legal & Democratic Services
	➢ Implement the good practice recommendations following receipt of recent report from the Committee on Standards in Public Life. A target date has been set for December 2021.	Director of Legal & Democratic Services
	➢ The Anti-Fraud arrangements could be more widely communicated and supported by training. A training module has been developed using the Online Learning Platform with the intention of delivering this by December 2021.	Director of Finance & ICT
	➢ Review of the Derbyshire Partnership Toolkit should be completed by end September 2021.	Director of Organisation, Development & Policy

Principle B Ensuring openness and comprehensive stakeholder engagement	➢ More active use of parish/town councils and community groups has been considered and actions are required to achieve this.	Performance and Engagement Manager (Place)
	➢ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes. The Thriving Communities governance arrangements have been reviewed and Terms of Reference refreshed. Representation from the Vision Derbyshire Communities Chief Executive Lead on the Board has been secured which should lead to a greater understanding by September 2021.	Director of Organisation, Development & Policy
Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	➢ Ensure that decisions are taken with regard to, or based on the longer term view. The new report templates implemented in May 2021 should meet this requirement.	Director of Legal & Democratic Services
	➢ More emphasis could be placed on measuring and monitoring longer term outcomes as opposed to outputs. This should be met using the revised report templates.	Director of Legal & Democratic Services

	➢ Ensure key equipment and processes to support business continuity planning are effectively maintained.	Director of Organisation, Development & Policy
	➢ A social value approach is in place. The Council has continued to develop and embed social value to ensure that the economic, environmental and social benefits are realised and captured consistently for Derbyshire when procuring services.	Director of Finance & ICT
	➢ Work has been ongoing to develop a comprehensive Asset Management Strategy. The final document will be considered by the Governance Group in 2021.	Director of Finance & ICT / Performance and Engagement Manager (Place)
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	➢ Development of consistent and effective business cases.	Director of Finance & ICT
	➢ The Council could develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data. This is expected to be achieved through the development of cloud, SAP S4/HANA, other software, roles and use of intelligence by March 2022.	Director of Finance & ICT
	➢ Revised People Strategy will be useful to ensure consistent council wide approach and guide future investment in skills is due to be approved in July 2021. This needs to be fully embedded.	Director of Organisation, Development & Policy
	➢ Development of a robust post implementation review process for major projects. CMT approved the approach to review existing change projects and programmes and embed robust project management across the Council.	Performance and Engagement Manager (Place)

	➢ Review of officer scheme of delegation to optimise achievement of outcomes. The use of Modern.Gov to assist the recording of decision making is expected to be completed by December 2021.	Director of Legal & Democratic Services
Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	➢ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes. The launch of the new performance management process (PDR) will be rolled out across the Council by March 2022.	Director of Organisation, Development & Policy
	➢ Workforce planning support has commenced in service areas that have high agency spend and recruitment and retention charges. Succession Planning has been identified as a priority within the People Strategy. Workforce planning proposals are expected by March 2022.	Director of Organisation, Development & Policy
	➢ Consistent training of new staff in the IT systems they are expected to use, alongside refresher training for existing staff to ensure effective use of systems. This is to be developed as part of the ICT restructure and new systems by December 2021.	Director of Finance & ICT
Principle F Managing risks and performance through robust internal control and strong public financial management	➢ Cyber security threats will require ongoing monitoring and development of appropriate responses which is a key work stream for the cyber security working group that was established in April 2021.	Director of Finance & ICT
	➢ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting. Further integration of risk is underway.	Director of Organisation, Development & Policy
	➢ Develop the process for lessons learnt from internal incidents and external Public Interest Reports.	To be allocated

Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability	➢ Continue to improve robust systems for property valuations building on the enhancements completed during recent years.	Director of Corporate Property
	➢ Continue to action the recommendations of LGA Peer Review to aid future improvement. The follow-up visit has been rescheduled for September 2021 with a new draft position statement considered by CMT on 1 June 2021 and working group meetings taking place fortnightly.	Director of Organisation, Development & Policy
	➢ Continue to review the Constitution to ensure it remains fit for purpose to deliver effective accountability. This has identified areas for review in 2021-22.	Director of Legal & Democratic Services
	➢ Continue to develop systems and protocols to support and monitor partnership working. The initial focus has been to review the Partnership Protocol and approach as overall context for the work plan and future actions.	Director of Organisation, Development & Policy
Page 272	➢ Embed the process for the production of the AGS in a timely manner.	To be allocated

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Joint Report of the Managing Executive Director, Commissioning, Communities and Policy and the Director of Finance & ICT

Performance Monitoring and Budget Monitoring/Forecast Outturn 2021-22 as at Quarter 1 (30 June 2021)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To provide Members with an update of Council Plan performance and the Revenue Budget/forecast outturn for 2021-22, as at 30 June 2021 (Quarter 1).

4. Information and Analysis

Integrated Reporting

4.1 This report presents both Council Plan performance and financial budget monitoring and forecast outturn data.

4.2 The Performance Summary sets out the progress the Council is making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities.

4.3 The Revenue Budget Position and Financial Summary provides an overview of the Council's overall budget position and forecast outturn as at 30 June 2021.

4.4 Appendices to this report summarise progress on Council Plan deliverables and the controllable budget position by Cabinet Member Portfolio for 2021-22 as at 30 June 2021. Further reports will be considered at Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations.

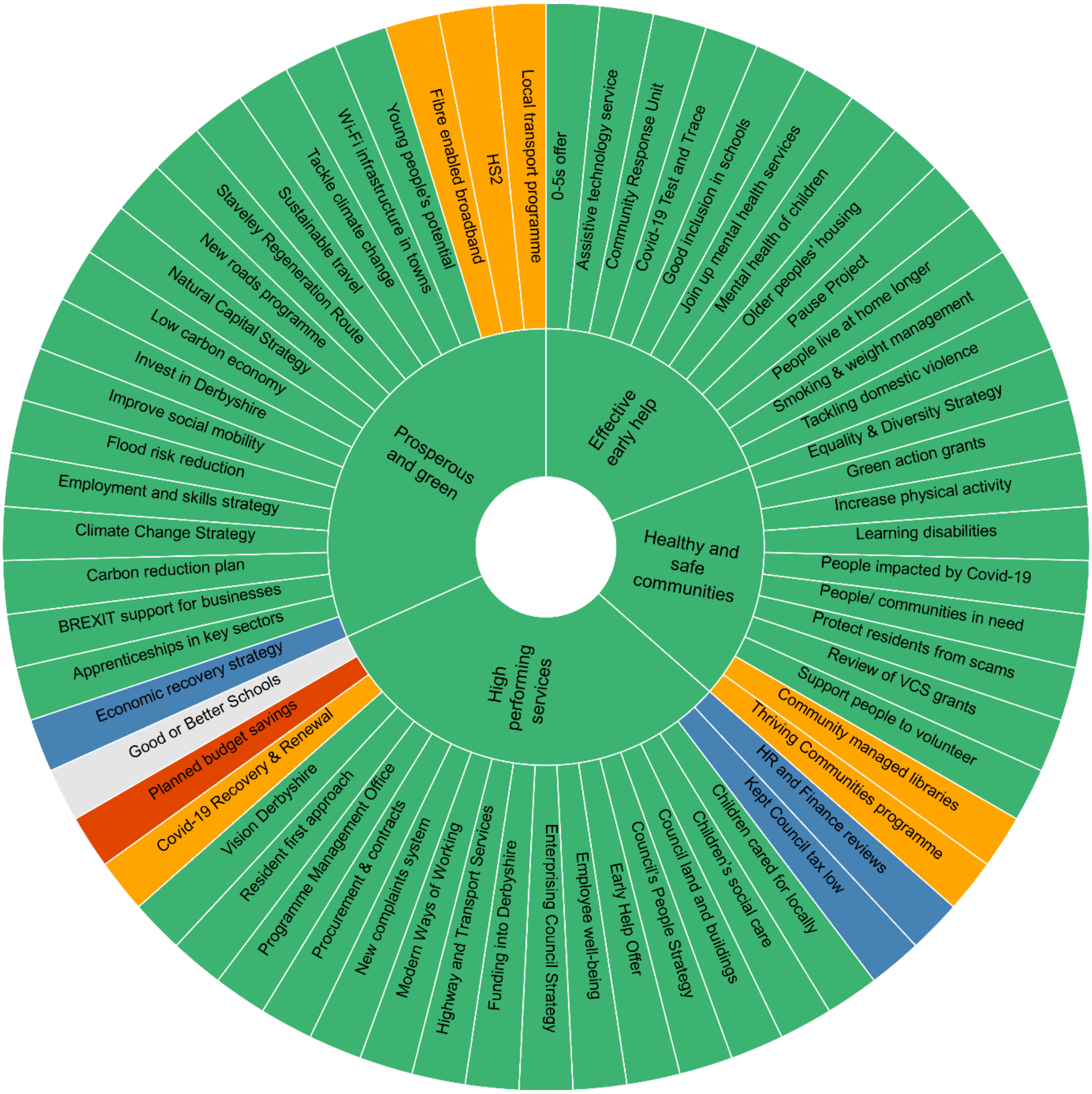
Performance Summary

4.5 The new Council Plan for 2021-25, which outlines the Council's priorities, key deliverables and performance measures, was developed and approved by Council in March 2021.

4.6 The performance report for Quarter 1 2021-22, which is attached at Appendix 3, sets out the progress the Council has made over the last quarter on each of the deliverables and key measures set out in the Council Plan.

4.7 The Council is performing well in delivering the new Council Plan, with 88% of the 63 deliverables in the Plan that have commenced showing good or strong progress. Only 10% have been rated as "Requiring Review" and one deliverable has been rated as "Requiring Action". One deliverable is awaiting information to enable the rating. Progress in delivering the Plan is shown in the graphic below.

Deliverable Progress



4.8 The graphic below visualises the performance against target for each measure by priority. For the fourteen key measures where data for 2021-22 against target is available, five have been rated as 'Good', with a further four rated as 'Strong', whilst two have been rated as “Requiring Review” and three as “Requiring Action”.

Key Measures Against Target

Performance by priority

The resilient, healthy and safe communities priority shows overall “Good” performance for deliverables but “Requiring Review” based on the two rated measures.

Key areas of success are:

- Derbyshire residents have been supported with over 3,000 awards from the Derbyshire Discretionary fund.

- One-to-one support to over 80 vulnerable victims of scams has been provided.
- The Council has distributed £41,000 in grants from the Covid-19 Emergency fund.

Areas for consideration are:

- The reduction in the local presence of services and restrictions on community activity, as a result of the pandemic, has led to a delay to the Thriving Communities programme, meaning that there is some risk to achieving the roll-out into the additional eight communities within the programme timescale. Progress will be monitored and additional capacity may need to be considered, as appropriate.
- Covid-19 has delayed planned progress in transferring libraries to community management. With Covid-19 restrictions lifting, and services resuming, the Library Strategy will be relaunched in September 2021.

The high performing, value for money and resident focused services priority shows overall “Good” performance for deliverables but measures are rated as “Requiring Review” overall.

Key areas of success are:

- A new inspection of a children’s home means all ten are now rated as good or outstanding.
- Reviews of Human Resources and Finance functions are on track and will deliver expected savings.

Areas for consideration are:

- Quarter 1 figures for overall Council budget savings are £16.282m below target. Covid-19 has had a significant impact on the savings programme, however additional funding from Government is mitigating the impact of some of the shortfall on the Council’s financial position. Some 2021-22 savings will be achieved in 2022-23 and later; savings targets are being re-profiled to ensure they will be achieved in later years and supported with one off funding until then.
- There were 40.5% of children’s social care reflective case review judgements rated as “Good” or “Outstanding”. The way social care cases are audited and graded has been changed this year, to give a more rounded oversight of practice. It is expected that as the number of reflective case reviews completed increases through the year, an increase in performance is anticipated, as we better gauge the quality of practice across children’s social care.

- Whilst the proportion of children returning home from care has increased this quarter, it is below target, and the average cost of children in care placements for 2020-21 is above the target set. Activity, particularly through work with Newton Europe, is progressing to identify opportunities to improve the outcomes of children, whilst also improving value for money.
- Work on the development of a long-term organisational recovery and renewal strategy was delayed due to the continued Covid-19 response, however the next phase of this work and renewal principles have now been agreed at Cabinet.

The effective early help for individuals and communities priority has all deliverables rated as “Good” and overall rating of “Strong” for the measures.

Key areas of success are:

- A wide range of activity to manage Covid-19 outbreaks has been carried out, including over 27,000 lateral flow tests in Council run sites.
- Following participation in Council run programmes, projected numbers show over 450 people are expected to achieve their four week quit target to stop smoking, and over 70 people are expected to achieve a 5% weight loss compared to the Quarter 1 target of 57.

Areas for consideration are:

- Data for the measures on Assistive technology and admissions to residential care is not available for Quarter 1 but further validation and cleansing work means the data should be available for Quarter 2 and performance against target will then be reported.

The priority of a prosperous and green Derbyshire shows overall “Good” performance for both deliverables and measures.

Key areas of success are:

- A wide range of activity in support of the Covid-19 Economic Recovery Strategy has been undertaken.
- Whilst still below target there has been a marked improvement in the number of defects completed with target.
- Initial phases of the Ashbourne Airfield and Hollis Lane link roads have been completed.

Areas of consideration are:

- The Integrated Rail Plan has been delayed until September, however the HS2 East group continue to lobby for completion of the whole project.
- There is no Gigabit top Up Voucher scheme activity to report at Quarter 1 as the Department for Digital, Culture, Media and Sport experienced delays with the launch of the scheme. This has, however, been resolved from July 2021.

Revenue Outturn Summary

4.09 The Council's forecast outturn for 2021-22 as at Quarter 1 (30 June 2021), 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 £378.684m and Public Health grant of £42.607m, other ring-fenced grants and income from other third parties and their associated spend.

	Budget £ Millions	Use of MHCLG Covid-19 & SFC Grant Funding £ Millions	Adjusted Budget £ Millions	Forecast Actuals £ Millions	Projected Outturn £ Millions	Budget Performance
Adult Care	260.279	4.661	264.940	265.978	1.038	
Clean Growth and Regeneration	0.773	0.026	0.799	0.577	-0.222	
Corporate Services and Budget	47.511	0.480	47.991	52.616	4.625	
Children's Services and Safeguarding	140.236	4.850	145.086	150.854	5.768	
Health and Communities	8.533	0.095	8.628	8.155	-0.473	
Highways and Transport	30.685	0.889	31.574	34.171	2.597	
Infrastructure & Environment	43.508	2.980	46.488	45.993	-0.495	
Strategic Leadership, Culture,Tourism and Climate Change	12.729	0.079	12.808	12.977	0.169	
Total Portfolio Outturn	**544.254**	**14.060**	**558.314**	**571.321**	**13.007**	
Risk Management	20.289	0.000	20.289	9.813	-10.476	
Debt Charges	28.734	0.000	28.734	27.958	-0.776	
Interest and Dividend Income	-4.099	0.908	-3.191	-4.730	-1.539	
Levies and Precepts	0.354	0.000	0.354	0.357	0.003	
Corporate Adjustments	4.930	0.538	5.468	6.793	1.325	
Total	**594.462**	**15.506**	**609.968**	**611.512**	**1.544**	

4.10 The Covid-19 pandemic is continuing to have a significant impact on the Council's finances in 2021-22. A summary of these impacts is provided at Appendix 16.

4.11 An overall Council overspend of £1.544m is forecast, after accounting for use of £15.506m of non-ringfenced grant funding provided by the Ministry of Housing Communities & Local Government (MHCLG) to support local authorities with the impacts of the Covid-19 pandemic. This includes funding from:

- compensation for lost sales, fees and charges income claimable under the Government scheme announced on 2 July 2020, which has been extended to 30 June 2021; and
- Covid-19 emergency grants of £15.337m awarded in 2021-22 and £11.248m awarded and brought forward from 2020-21.

4.12 Of the forecast £13.007m portfolio overspend, the significant variances are an overspend of £5.768m on the Children's Services and Safeguarding portfolio, a £4.625m overspend on the Corporate Services and Budget portfolio, a £2.597m overspend on the Highways and Transport portfolio and a £1.038m overspend on the Adult Care portfolio.

4.13 The forecast £5.768m overspend on the Children's Services and Safeguarding portfolio is primarily due to continued high demand for placements for children who are in care or unable to remain at home. The needs of individual children and the availability of placements has also meant that there are an increased number of children who have been placed in both more expensive fostering arrangements and more expensive residential provision. Other factors contributing to the overspend include the price and the number of journeys associated with transporting children with educational needs to school and the safeguarding costs of supporting a greater number of children in care and children and families in need.

4.14 The Council plans to support the Children's Services and Safeguarding portfolio through allocations of a combination of ongoing budget growth and one-off funding to put these services on a sustainable financial footing by the time mitigation measures are able to stabilise the demand pressures on looked after children. Recent modelling suggests that demand is likely to level off by 2023-24.

4.15 The forecast £4.625m overspend on the Corporate Services and Budget portfolio is mainly due to current and prior-year savings targets which are not expected to be achieved in 2021-22, relating to the Corporate Property function, running costs on buildings that are awaiting disposal and a delay in the implementation of the new Legal Services operating model.

4.16 The forecast £2.597m overspend on the Highways and Transport portfolio relates to the Winter Service budget, which doesn't provide for more than a mild winter and to savings targets which have not yet been allocated to specific services.

4.17 The forecast £1.038m overspend on the Adult Care portfolio relates to Purchased Services costs driven by the number of new care packages required to be provided to assessed individuals.

4.18 There is a forecast underspend on corporate budgets in 2021-22. The underspend on the Risk Management budget relates mainly to a contingency amount of £8m set aside to mitigate general risks arising from the current uncertain environment resulting from Covid-19. An underspend on the Debt Charges budget is forecast as the portfolio of the Council's long-term loans is repaid and interest on this debt reduces. A favourable variance is forecast in the Interest and Dividends budget. The Council utilises a range of investments to maximise its income on cash balances. Interest income includes interest accrued on the loan advances to Buxton Crescent Ltd. An overspend on Corporate adjustments is forecast as a result of adjustments arising from Education budgets funded from the Dedicated Schools Grant (DSG).

4.19 The Council continues to look at ways to save money and generate income, whilst trying to protect and deliver services suitable for the residents of Derbyshire. Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure. In many cases the proposals will be subject to consultation and equality analysis processes. Progress against budget savings targets will be closely monitored, however there is a heightened risk of not achieving a balanced budget, as a result of both cost pressures and savings slippage as a result of the Covid-19 pandemic.

4.20 The delivery of the Council's Five Year Financial Plan (FYFP) is heavily dependent on an adequate level of General Reserve. The need to maintain an adequate, risk assessed level of reserves has been a key part of the Council's success in both maintaining its financial standing and continuing to deliver high quality services.

4.21 The General Reserve stands at £77.663m at 30 June 2021. There are commitments of £25.246m against this balance, set out in the table at paragraph 4.43 below, and additional commitments were referred to in the Council's 2021-22 Revenue Budget Report. The balance will be further reduced by the measures required to deliver the Council's FYFP noted in paragraph 4.22 above. The adequacy of the Council's General Reserve balance is considered at paragraphs 4.44 and 4.45 below.

Portfolio Costs

4.22 There is a forecast Council portfolio overspend of £13.007m, after the use of MHCLG Covid-19 grant funding for Covid-19 related costs incurred in 2021-22. The table at Appendix 16 shows the Covid-19 related costs across the portfolios as £14.060m. This is the forecast additional cost and lost income of the Council's response up to the end of March 2022, including the impact of slippage to the planned programme of savings which cannot yet be implemented as a result. This amount allows for any specific funding to offset the gross Covid-19 related costs which has already been forecast to be allocated to individual portfolios; these amounts are detailed in Appendix 16. Budget of £14.060m is forecast to be allocated to portfolios, from the emergency Covid-19 grant funding and the compensation for lost income from sales, fees and charges received from Government, to match these costs.

4.23 Portfolio costs are explained in more detail in Appendices 4 to 11.

Risk Management Budget

4.24 There is a forecast underspend on the Risk Management Budget of £10.476m in 2021-22.

4.25 The Risk Management Budget of £20.289m includes:

- £12.203m of contingency funding set aside in the 2021-22 Revenue Budget. This comprises:
  - £8.390m general contingency;
  - £2.313m for a pay award; and
  - £1.500m for 2021-22 County Council election costs
- £1.500m of one-off funding approved in the Council's 2021-22 Revenue Budget to pump prime the development of an Assistive Technology service. These funds were returned unused from the Adult Care portfolio as the portfolio was able to alternatively finance this initiative from its underspend in 2020-21.

- £6.000m of Covid-19 Local Support grant. An additional grant to the non-ringfenced grants that had been announced when the 2021-22 Revenue Budget was approved by Council on 3 February 2021.
- £0.585m of ongoing Transition Funding approved in the Council's 2020-21 Revenue Budget allocation for Demographic Growth, which had not been utilised by 31 March 2021, returned from the Adult Care portfolio.

4.26 The forecast expenditure of £9.813m on the Risk Management Budget is:

- £6.000m utilisation of the Covid-19 Local Support Grant.
- £2.313m draw-down of contingency funding for a pay award.
- £1.500m draw-down of contingency funding for election costs.

Debt Charges

4.27 The Debt Charges budget is forecast to be underspent by £0.776m in 2021-22.

4.28 Debt charges are based on interest payments, the Capital Financing Requirement (CFR), a Minimum Revenue Provision (MRP) of 2.5% (in keeping with the policy reported to Cabinet on 22 November 2016) and a £7.000m one-off reduction in the Council's Capital Adjustment Account Reserve. This reduction is made on the basis that the amounts set aside to repay debt over the last ten years are well in excess of what is required to ensure the Council can repay its debts.

Interest and Dividend Income

4.29 Interest and dividend income budgets are forecast to be underspent by £1.539m in 2021-22.

4.30 The interest base rate has remained at an historically low rate of 0.10% since 10 March 2020. However, the Council utilises a range of investments, including pooled funds, to maximise its interest and dividend income on balances.

4.31 A projected decrease of £0.654m in dividend income on the Council's investments in pooled funds, compared to 2019-20, is forecast to be supported by the use of MHCLG Covid-19 grant funding. Pooled fund investments have been held for the whole financial year to date.

4.32 The interest rate on the loan to Buxton Crescent Ltd has been reduced in recognition of the fact that the revenues from Buxton Crescent hotel are expected to be significantly lower than anticipated because of the impacts of Covid-19. The resulting decrease of £0.254m interest income accruing to this loan in 2021-22 is forecast to be funded using MHCLG Covid-19 grant funding.

Corporate Adjustments

4.33 There is a forecast overspend of £1.325m on Corporate Adjustments in 2021-22.

4.34 There is forecast to be an overspend of £1.401m arising from the difference between controllable and uncontrollable Education budgets funded from the Dedicated Schools Grant (DSG).

4.35 The interest income accruing to the loan to Buxton Crescent Ltd for the period April 2021 to September 2021 is expected to be written off in recognition of the fact that the revenues from Buxton Crescent hotel are expected to be significantly lower than anticipated because of the impacts of Covid-19. This is forecasted to be funded using £0.145m of MHCLG Covid-19 grant funding.

4.36 Only £0.632m of the allocated £1.000m savings target is forecast to be achieved by the Council paying its Local Government Pension Scheme employer contributions early. This is because of the decision not to pay in advance all the contributions due for the entire period 2020-21 to 2022-23, but rather to make separate early lump sum payments for each year over that period. This decision was made in light of the Covid-19 pandemic, to preserve the Council's liquidity of cash flow, amongst other considerations. £0.368m of MHCLG Covid-19 grant funding is forecast to be allocated to reimburse the cost of this savings target which can no longer be achieved.

Budget Savings

4.37 A summary of the achievement of budget savings targets is provided at Appendix 14. The budget savings target for 2021-22 is £13.291m, with a further £12.768m target brought forward from previous years. The savings initiatives identified to meet this target fall short by £9.604m, therefore further proposals will need to be brought forward to ensure the Council continues to balance its budget. Of this total target of £26.059m, £9.777m is forecast to be achieved by the end of the financial year. Therefore, there is a £16.282m forecast shortfall in achievement of budget savings. 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.

Debt Age Profile

4.38 The age profile of debts owed to the Council and the value of debts written off is disclosed in Appendix 15. This information is collected on a departmental rather than on a portfolio basis.

Earmarked Reserves

4.39 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 next review of earmarked reserves is scheduled to take place in Autumn 2021.

4.40 A summary of outstanding balances on the Council's earmarked reserves as at 30 June 2021 is set out in Appendix 13.

4.41 The Council's response to the Covid-19 pandemic and its effects on the Council's finances are expected to continue into 2021-22. Any funding received to support Covid-19 impacts, which had not been utilised by 31 March 2021, has been contributed to earmarked reserves or is held as a receipt in advance. This will enable this funding to be used for relevant expenditure over the two-year period 2020-21 to 2021-22.

4.42 A complete register of funding available for use to meet Covid-19 related costs in 2021-22 is disclosed in Appendix 16.

General Reserve

4.43 The General Reserve stands at £77.663m at 30 June 2021. The level of General Reserve is £50.873m, after the commitments below and the forecast outturn for 2021-22, which is 8.9% of the Council's Net Budget Requirement for 2021-22. The commitments held against this balance are as follows:

General Reserve

	£m
Balance at 30 June 2021	**77.663**
Less: 2020-21 Outturn Allocations to Portfolios and Corporate Reserves	
Adult Care	0.000
Corporate Services	(0.175)
Clean Growth and Regeneration	(0.147)
Health and Communities	(0.984)
Highways, Transport and Infrastructure	(0.233)
Strategic Leadership, Culture and Tourism	(0.707)
Young People	0.000
Budget Management Reserve	(9.000)
Contingency Reserve for Post-Covid Funding Risks	(14.000)
Balance at 30 June 2021 after Outturn allocations	**52.417**
Projected Outturn 2021-22	(1.544)
Forecast Balance at 31 March 2022	**50.873**
Net Budget Requirement 2021-22	**572.475**
General Reserve Balance as % of NBR at 31 March 2022	**8.89%**

4.44 In addition there are also commitments held against the General Reserve balance, which were referred to in the Council's 2021-22 Revenue Budget Report.

4.45 The majority of chief financial officers consider an acceptable level of generally available reserves to be one that reflects a risk-based approach to potential liabilities. A relatively crude measure is to expect the resulting figure to be between 3% to 5% of a council's net spending, representing a prudent level of risk-based reserves. As at 30 June 2021, after the commitments above, the figure for the Council stood at 9%, indicating a robust balance. However, it is necessary to consider this indicator over the medium term to gain a better understanding of its adequacy.

Portfolio Summaries

4.46 A summary of each of the individual portfolio performance and outturn positions for 2021-22 is detailed in Appendices 4 to 11.

4.47 Whilst budgets are monitored by portfolio, the individual portfolios are not separate entities. All the portfolios operate in conjunction with the others and it is important to consider the Council's budgetary position as a whole in the context of its Five-Year Financial Plan and its overall level of reserves.

Traded Services

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

4.49 'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income. An overall deficit of £0.225m is forecast for 2021-22 on fully traded areas across the Council as a whole.

4.50 '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 shortfall of £0.088m compared to the budgeted income target is forecast for 2021-22 on partially traded areas across the Council as a whole.

4.51 Appendix 12 summarises the financial performance of the separate trading areas.

5. Consultation

5.1 No consultation is required.

6. Alternative Options Considered

6.1 N/A – the Council is required to outline its forecast revenue outturn position to ensure compliance with good financial management principles and to support the development of short and medium-term financial planning. Not producing a budget monitoring report would be contra to the Council's Financial Regulations which requires the reporting of variances of income and expenditure against budget allocation to be reported to Cabinet in line with the Budget Monitoring Policy.

7. Implications

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

8. Background Papers

8.1 Performance papers held electronically by Policy & Research, Room 124, County Hall. Finance papers held electronically by Financial Strategy, Finance & ICT, Room 137, County Hall.

9. Appendices

9.1 Appendix 1 – Implications

9.2 Appendix 2 – Key to Performance Ratings

9.3 Appendix 3 – Performance Report 2021-22 Council Overview

9.4 Appendix 4 – Adult Care - Portfolio Summary

9.5 Appendix 5 – Clean Growth and Regeneration - Portfolio Summary

9.6 Appendix 6 – Corporate Services and Budget - Portfolio Summary

9.7 Appendix 7 – Children's Services and Safeguarding - Portfolio Summary

9.8 Appendix 8 – Health and Communities - Portfolio Summary

9.9 Appendix 9 – Highways Assets and Transport - Portfolio Summary

9.10 Appendix 10 – Infrastructure and Environment - Portfolio Summary

9.11 Appendix 11 – Strategic Leadership, Culture, Tourism and Climate Change - Portfolio Summary

9.12 Appendix 12 – Traded Services

9.13 Appendix 13 – Earmarked Reserves

9.14 Appendix 14 – Budget Savings Monitoring 2021-22

9.15 Appendix 15 – Aged Debt

9.16 Appendix 16 – Covid-19 Financial Impacts and Funding

10. Recommendations

That Audit Committee:

10.1 Notes the update of Council Plan performance and the Revenue Budget position/forecast outturn for 2021-22 as at 30 June 2021 (Quarter 1);

10.2 Notes the position on General and Earmarked Reserves.

11. Reasons for Recommendations

11.1 The forecast outturn report provides a summary of the expected overall financial performance and use of resources against the Council's approved budget for the financial year 2021-22. The outturn position supports the development of budgets in both the short and medium term.

11.2 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.

11.3 The balance of both the General and Earmarked Reserves support good financial planning.

12. Is it necessary to waive the call in period?

12.1 No

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This report has been approved by the following officers:

On behalf of: Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Executive Director	

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.

6.2 The Covid-19 pandemic has increased the financial uncertainty for all local authorities. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve balances to meet the costs of any unforeseeable events arising from the pandemic.

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

7.1 None.

Appendix 2

Key to Performance Ratings

	Strong	Good	Review	Action	Unknown
Council Plan Deliverables	On track or complete with outcomes exceeding expectations /requirements.	On track or complete with outcomes in line with expectations/ requirements.	Some risk to achieving timetable and/or outcomes.	Unlikely to achieve timetable and/or not delivering required outcome.	Data measuring the performance of these deliverables continues to be suspended due to Covid-19.
Council Plan Measures	More than 5% better than target.	Less than 5% better than target but not less than 2% worse than target.	Between 2% and 10% worse than target.	More than 10% worse than target.	No data received or no target set.
Service Lines Outturn		Outturn below budget.	Outturn less than or equal to 2% over budget.	Outturn more than 2% over budget.	
Portfolio Outturn		Outturn below budget.		Outturn over budget.	
Budget Savings		Forecast savings better than target.		Forecast savings worse than target.	

Derbyshire County Council

Appendix 3

Council Plan 2021-25

Performance Report
Quarter 1 2021-22

DERBYSHIRE County Council

Introduction

Welcome to the Council's performance report on the Council Plan 2021-25, for Quarter 1 2021-22. 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. Our key priorities are:

- Resilient, healthy and safe communities;
- High performing, value for money and resident focused services;
- Effective early help for individuals and communities;
- A prosperous and green Derbyshire.

For each priority we have identified a set of key deliverables and performance measures which we will focus on to meet our priorities.

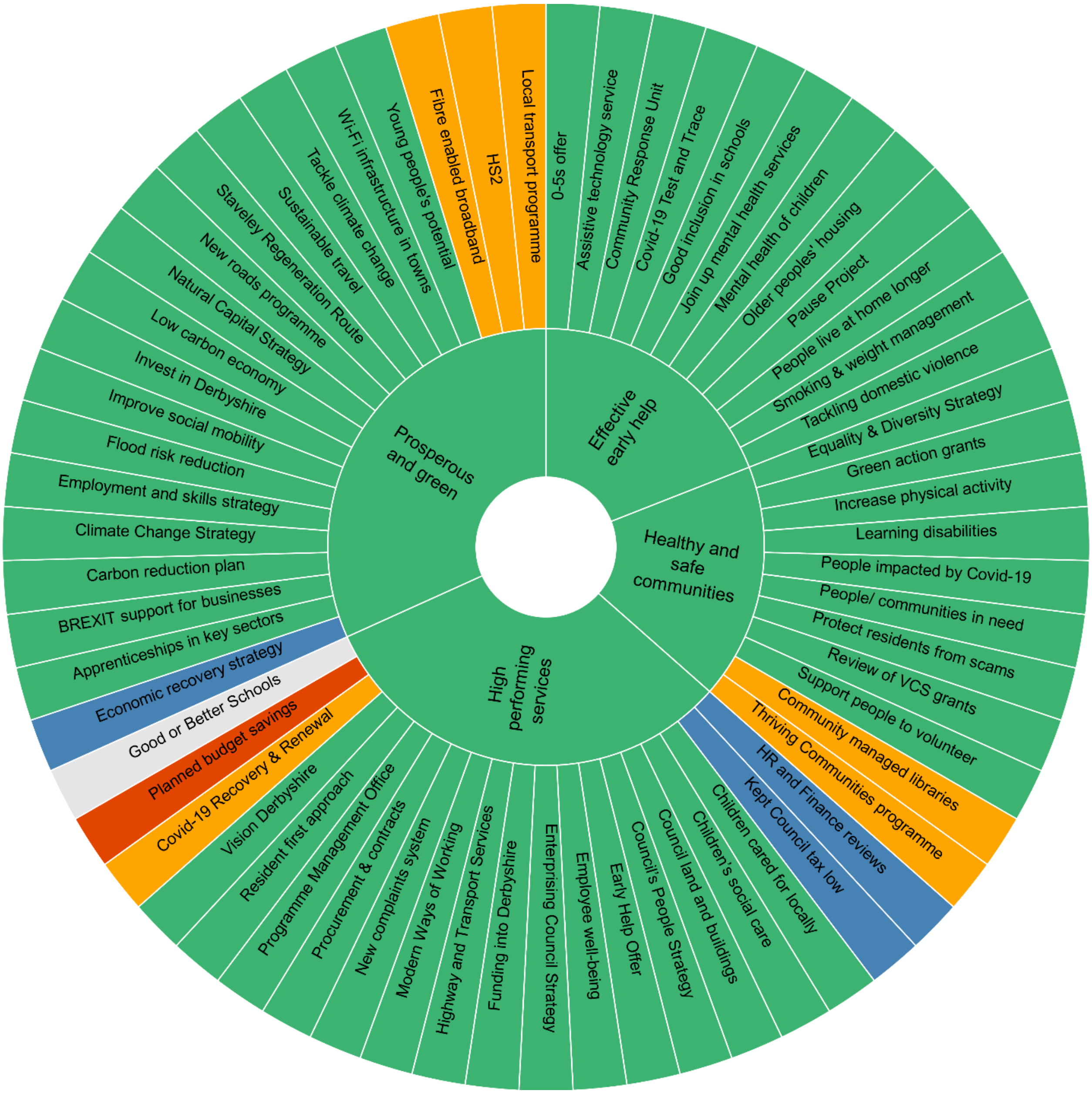
Reporting Performance
Progress on our Council Plan deliverables and key measures is set out on the following pages. To give a clear indication of performance, the following categories are used:

Category	Deliverables	Measures	Council Response
Strong	On track or complete with outcomes exceeding expectations	More than 5% better than target (2% better than target if the target is greater than 95%)	Continue to monitor. Celebrate and learn from success
Good	On track or complete with outcomes in line with expectations	Between 5% better or 2% worse than target	Continue to monitor. Celebrate and learn from success
Review	Some risk to achieving timetable and/or outcomes	More than 2% worse than target	Keep under review to ensure performance is brought back/remains on track
Action	Unlikely to achieve timetable and/or to deliver required outcome	More than 10% worse than target	Additional action will be/is being taken to bring performance back on track

We would welcome your feedback on the report as part of our commitment to continually improve what we do and how we serve the people of Derbyshire. Please tell us what you think at: haveyoursay@Derbyshire.gov.uk

Deliverable Overview

Good progress has been made in delivering the Council Plan during Quarter 1 2021-22. Of the 63 deliverables in the Plan that have started implementation, 83% have been rated as 'Good', with a further 5% rated as 'Strong'. Only 10% have been rated as 'Requiring Review' and 2% as 'Requiring Action'. A graphical representation of the Council's performance for Quarter 1 against its priorities (inner wheel) and deliverables (outer wheel) is below. The colours in each segment show the progress the Council is making during 2021-22. The deliverable to achieve all planned budget savings is grey as Quarter 1 data is awaited. The deliverable on supporting schools to be judged good or better by Ofsted is grey as Ofsted school inspections have been suspended and will not resume until Autumn 2021.



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 fourteen key measures with data, five have been rated as 'Good', with a further four rated as 'Strong'. Only two have been rated as 'Requiring Review' and three as 'Requiring Action'. Measures which are grey currently have no data available for 2021-22.

Appendix 3

Key Measures Updated for Quarter 1 2021-22

Key Measure	Date	Actual	Target	Performance
Number of people with a learning disability and/or who are autistic with an outcome focused support plan	Jun-2021	197	130	
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	Jun-2021	18	24	
Percentage of Council run children's homes rated as 'Good' or 'Outstanding' by Ofsted	Jun-2021	100.0%	91.0%	
Number of approved fostering households	Jun-2021	319	350	
Percentage of children's social care reflective case review judgements rated as 'Good' or 'Outstanding'	Jun-2021	40.5%	Baseline	
Percentage of children returning home after a period of being in care	Jun-2021	15.1%	18.0%	
Employee sickness absence	May-2021	4.4%	Baseline	
Average number of days lost per appointment to sickness (Council, not including schools)	Jun-2021	8.8	9.0	
Amount of money raised from the disposal of land and buildings	Jun-2021	£0	£0	
Projected percentage of annual budget savings achieved	Jun-2021	37.5%	100.0%	
Number of participants in Council delivered stop smoking programmes who stop smoking	Jun-2021	466	300	
Number participants in Council weight management programmes who achieve 5% weight loss	Jun-2021	74	57	
Number of older people and disabled people able to access short term assistance to regain or increase independence	Jun-2021	885	897	
Total amount of expenditure on the delivery of the Local Transport Programme	Jun-2021	5,000,000	5,000,000	
Percentage of defects completed within target	Jun-2021	85.6%	90.0%	
Percentage of 16 to 17 year olds in education, employment or training (3 month avg)	May-2021	95.7%	96.0%	

Key Measures with new data for Quarter 4 2020-21

Key Measure	Date	Actual	Target	Performance
Percentage of identified pregnant women receiving an antenatal contact	Mar-2021	93.5%	Not set	
Percentage of infants receiving a new baby review between 10-14 days	Mar-2021	96.9%	Not set	

Performance – Trend over Time

Deliverables

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Strong	3			
Good	52			
Review	6			
Action	1			

Measures

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Strong	4			
Good	5			
Review	2			
Action	3			

Deliverables and Measures rated as “Requiring Action”

People with a learning disability moving from 24-hour care

Progress is being made to support people with a learning disability and/or who are autistic to move from a short term residential placement to a supported living long term home within local communities. 18 people have moved so far which is below target however this has been impacted by the national guidance concerning social distancing. It is anticipated that accelerated progress will be made during the rest of the year.

Children returning home from care

Some progress has been made this quarter. The proportion of children returning home to live with parents or another person with parental responsibility as part of the care planning process has increased from 14.8% at the end of Quarter 4 to 15.0% at the end of Quarter 1. The target for this measure is to be above the national average 18% which related to 2019-20. The recommendations from our children's services evaluation will start to be implemented in September 2021 and it is anticipated that this work will impact positively on outcomes for children in care.

Kept on track to achieve all planned budget savings in the medium term

The Quarter 1 position shows a projected achievement of savings of £9.777m, substantially short of the target of £26.059m. Covid-19 has had a significant impact on the savings programme, however additional funding from Government is mitigating the impact of some of the shortfall on the Council’s financial position. Some 2021-22 savings will be achieved in 2022-23 and later; savings targets are being re-profiled to ensure they will be achieved in later years and supported with one off funding until then.

Headline Initiatives

The following activity in support of our headline initiatives has taken place over this quarter – we have

Economic and community recovery from Covid-19

- Extended the Growth Hub Project to provide business advice and support for an extra 18 months
- Distributed £41,000 worth of grants from the Covid Emergency Fund to support small groups and organisations
- Launched the Green Entrepreneur fund to support innovation in low carbon technologies
- Made available £200m of funding for secondary schools to deliver face to face summer schools this year
- Provided advice, information and guidance to support the safe re-opening of different activities

Well maintained roads and sustainable methods of travel

- Delivered £1m of highways surface treatment work
- Completed work to fix 7,618 road defects
- Created new opportunities in local areas for active travel and recreational cycling
- Completed the first phases of the Ashbourne Airfield and Hollis Lane link roads

Taking action on climate change

- Set out priorities for the next steps to tackle climate change
- Set targets for reductions in staff travel to reflect new ways of working developed during Covid-19
- Started work on the Natural Capital Strategy for Derbyshire

Appendix 3

Transformation of social care

- Supported 897 people to access the enhanced reablement service, helping people to increase their independence and remain part of their local communities
- Supported 18 people with learning disabilities to move from a short term residential placement to a supported living long term home with local communities, working towards our end of year target of 60
- Continued to pilot the brain in hand app with 25 clients to date, providing digital self-management technology, which, combined with human support, helps people live more independently

Thriving Communities

- Supported growth of the Thriving Communities approach in Cotmanhay, Shirebrook, Gamesley and Newhall
- Put in place plans to extend the approach to Langley Mill, Staveley, Ashbourne and to homelessness
- Provided support in communities such as delivering meals, raising donations for people in crisis and helping prepare peoples' homes for return from hospital

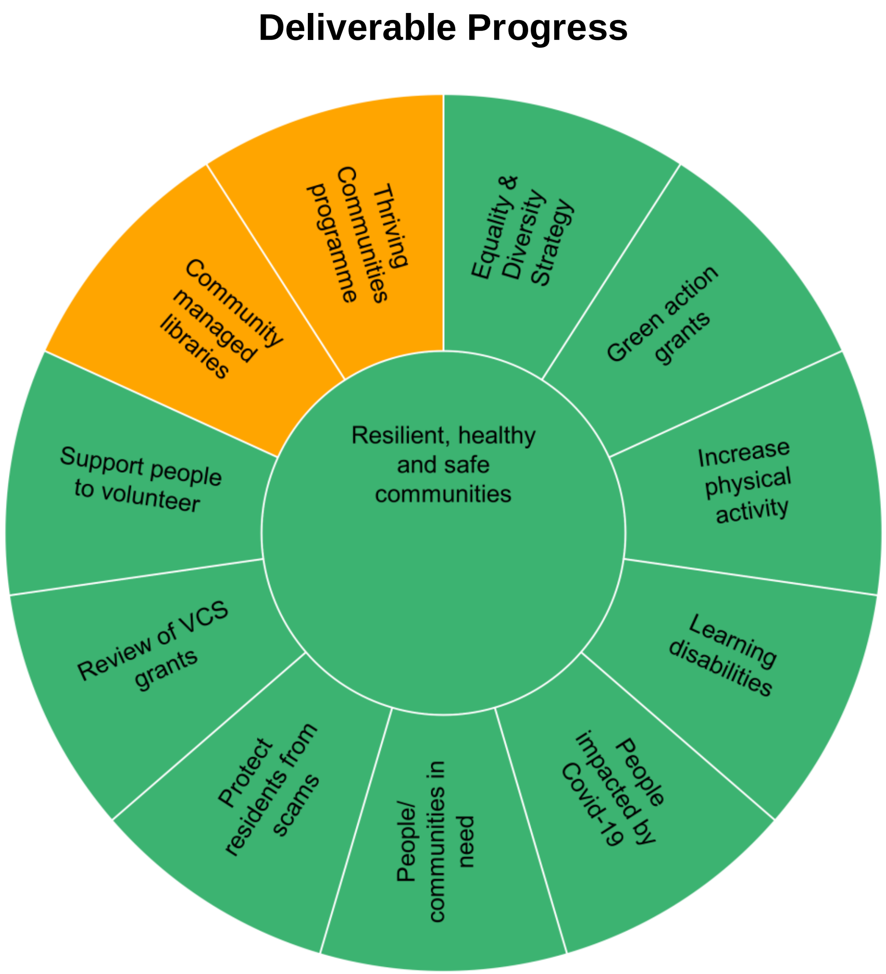
Employees' wellbeing and potential

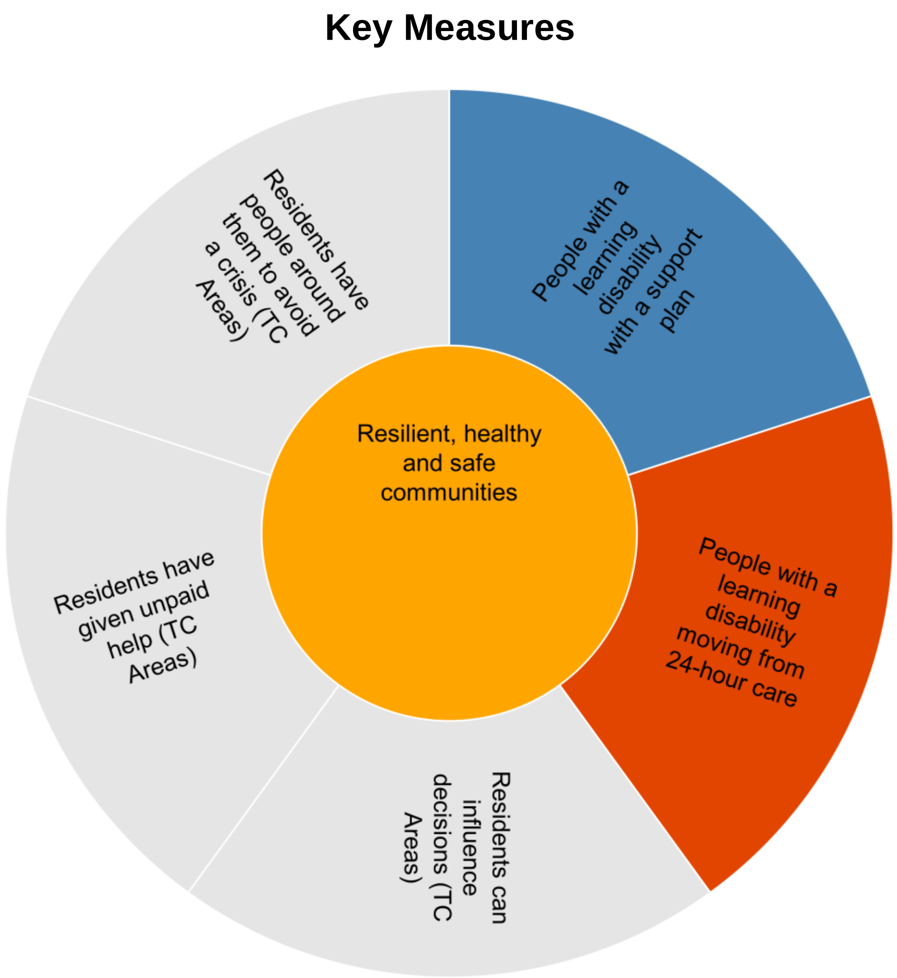
- Supported employees to reduce sickness absence with an average of 8.8 days absence against a reduced target of 9 for this year
- Engaged with employees to help design new approaches to agile and flexible working
- Offered an extended range of leadership apprenticeships to employees, supporting their personal aspirations and professional development
- Engaged with employees to help design new approaches to agile and flexible working
- Offered an extended range of leadership apprenticeships to employees, supporting their personal aspirations and professional development

Appendix 3

Resilient, healthy and safe communities

Overview





Appendix 3

This priority shows overall “Good” progress for deliverables but measures are rated as “Review” based on 2 rated measures.

Progress on our deliverables and key measures

Worked with communities in a further 8 areas across the county as part of the Thriving Communities programme, listening to and understanding their needs and working together to ensure they thrive

Rating: Review **Expected completion date: 31 Mar 2022**

The new Thriving Communities Board has been established with the commitment to drive forward the approach within communities across Derbyshire. A structured programme of Board sessions, designed to close the gap between the system and communities, has already begun to create a dynamic relationship between strategic leaders and practical local activity.

The Board agreed to support continued growth of the Thriving Communities approach in Cotmanhay, Shirebrook, Gamesley and Newhall and to expand work, initially, into four new areas, Langley Mill, Staveley, Ashbourne (and surrounding areas) and homelessness. Work which had been paused in Danesmoor/ Clay Cross due to a lack of capacity and interest locally will remain on hold.

Board members have entered into in-depth dialogue about embedding the approach by receiving insight about the current situation in local communities, how public services are collaborating with local people (and each other) and the opportunities and challenges this presents in shifting culture to Thriving Ways of Working. This has been made more difficult during the pandemic, as the approach is grounded in creating human relationships and working practically together to find and release the potential of people and communities at the local level in community spaces.

54.5%

Residents can influence decisions (TC Areas)

31 DEC 20

2019-2020	51.1%
2020-2021	54.5%
Target 20-21	58.0%
Performance	
2021-2022	Due in Q3
Target 21-22	55.0%

83.6%

Residents have people around them to avoid a crisis (TC Areas)

31 DEC 20

2019-2020	64.2%
2020-2021	83.6%
Target 20-21	70.0%
Performance	
2021-2022	Due in Q3
Target 21-22	70.0%

35.7%

Residents have given unpaid help (TC Areas)

31 DEC 20

2019-2020	33.1%
2020-2021	35.7%
Target 20-21	32.0%
Performance	
2021-2022	Due in Q3
Target 21-22	36.0%

The reduction in the local presence of services and restrictions on community activity as a result of the pandemic has led to a delay to the programme, meaning that there is some risk to achieving the roll-out into the additional 8 communities within the programme timescale. Progress will be monitored and additional capacity may need to be considered as appropriate.

Establishing the Board however has been extremely successful, supported by developments including:

A set of Thriving Communities Guidebooks which have been created to outline the model, ways of working, story, methodology and tools for practical application, alongside a bespoke evaluation framework which is being used to baseline and monitor progress in shifting culture and practice at all levels;

Three successful dialogue-based sessions have been run, and attended by both board members and a range of officers in management and frontline roles.

Thriving Communities 'Connected Teams' have continued to fill gaps locally, providing support such as personal care, delivering meals, raising donations for people in crisis, helping prepare peoples' homes for return from hospital and offering a welcoming 'place to go' for any local issues. They have been a lifeline for those without family or support networks and have provided a bridge between local people and services. They are active in helping partners to understand the root cause of problems (e.g. drug problems, assaults, gangs causing property damage) and create local solutions. They are also helping to bring new opportunities into communities by providing a way for local employers to connect with people and generating investment via external funding and donations.

The three survey questions will be included in annual residents survey will take place during Quarter 3. This will provide updated responses figures for the established Thriving Communities areas against targets for 2021-22 set in line with previous performance and trends.

Worked with partners through the Active Derbyshire network to increase the number of people in local communities taking part in physical activity, including reviewing and updating the Derbyshire Cycle Plan

Rating: Good **Expected completion date: 31 Mar 2022**

The Active Derbyshire network has been expanded through the development of the Talking Space virtual platform. The platform has engaged a much broader number of partners from across the physical activity system. The platform has enabled themed discussions to be held, which have helped partners understand and connect with inactive people and communities. The network has also enabled over £400,000 of external funding from Sport England's Tackling Inequality Fund and Young Peoples Fund to be delivered in the county.

In terms of the Derbyshire Cycle Plan a review is currently progressing. A key deliverable of the Plan has been the increased activity around cycling at a local level. Active Derbyshire has worked with Local Authorities, Public Health and the Council's Sustainable Travel colleagues to enable the local system to come together and create new opportunities for active travel and recreational cycling.

Provided support to people and communities in need, including financial help from our discretionary fund, and support for those affected by flooding

Rating: Good **Expected completion date: 31 Mar 2022**

The Derbyshire Discretionary Fund has supported Derbyshire residents with 3,126 awards in Quarter 1. There were 2,622 awards of Emergency Cash Payments; 216 awards of Exceptional Pressure Grants; 153 awards under the Covid Winter Grant Scheme funding that ended on 16 April 2021; and 135 awards under the Covid Support Payments provision which began on 11 May 2021. There have been no instances of flooding hardship this quarter.

Put in place a new Equality and Diversity Strategy, setting out priority actions the Council will take to reduce discrimination and tackle inequalities

Rating: Good **Expected completion date: 31 Mar 2022**

Following a preliminary workshop and discussions across the Council, a set of initial draft equality and diversity priorities have been identified. These have formed the basis of the initial draft Equality and Diversity Strategy 2021-25 which is currently in development. Engagement on the proposed draft Strategy with workshop participants and other stakeholders will take place over coming months with public consultation on the draft Strategy planned for Autumn 2021. The final Equality and Diversity Strategy will be presented for adoption by full Council in February 2022.

Provided targeted support to protect residents who are most susceptible to scams, fraud and financial abuse

Rating: Good **Expected completion date: 31 Mar 2022**

Officers have responded to more than 300 referrals from the National Trading Standards Scams Team and other local partners to respond to referrals for help and support. Over 80 vulnerable residents have received one-to-one support to help them recognise current scams, and where a client has been a victim, Trading Standards have intervened with banks and other businesses to seek compensation and refunds. In addition Trading Standards have continued to install call blocker devices at the homes of those most residents that are most vulnerable. These devices have so far prevented over 100,000 nuisance and scam calls since the installations started.

Provided green grants to community projects to support investment in sustainable and green community activity

Rating: Good **Expected completion date: 31 Mar 2022**

Work has taken place to develop and bring forward proposals on the creation of a new grants programme which will provide the opportunity for the Council to create an ongoing approach to the distribution of any grants it may wish to award to meet identified priorities.

Proposals on new grant schemes are in development alongside a new funding model to allow the sector to be innovative and creative, whilst also delivering on the Council's priorities, including investment in sustainable and green community activity. Whilst the new grant schemes have not yet begun due to the ongoing Covid-19 pandemic the Council is also working on a Climate Change Strategy which will identify how the Council, in partnership with the Voluntary and Community Sector, can make best use of available funding.

The recently formed Grants Board is currently overseeing the review process and developing the Council's future approach. A significant amount of work is needed before the launch of any new programme including the development of technical guidance, production of materials, toolkits, FAQ's and application forms. This could also include a Grants Management System, dedicated officer capacity which will need to be developed in the coming months to support the new approach.

Supported more Derbyshire people to volunteer to help their communities, learning from and building on the remarkable response to the Covid-19 pandemic

Rating: Good **Expected completion date: 30 Sep 2022**

In its very early stages, officers have been working on the scope of this Council Plan priority to ensure that the full depth and breadth of the opportunities of increasing volunteering can be discussed before work is taken forward. There are a number of services already benefitting from the assistance of volunteers and it essential that all approaches are considered as this priority is developed. Discussions on this priority will be held with senior officers at the earliest possible opportunity.

Worked with partners and supported individuals, communities and businesses who have been impacted by the pandemic

Rating: Good **Expected completion date: 31 Mar 2022**

Public Health continues to work alongside the Local Resilience Forum partners across Derbyshire to support communities to recover from the pandemic. We have continued to make funding available to small groups and organisations via the COVID Emergency Fund, which ended on 30 June 2021. In Quarter 1 the fund distributed £41,000 in grants. In addition, we have engaged at a locality level to support communities in the response to Covid-19 and have an established Community Champions network in place who can share the latest updates in relation to Covid-19 information and advice. Public Health continues to provide appropriate advice, information and guidance to support the safe re-opening of different activities. We have conducted and supported surveys of residents and the third sector to improve our understanding of the impact of the pandemic on people and organisations across Derbyshire.

Worked with people with learning disabilities 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 2023**

During Quarter 1 there has been a continued focus on the Better Lives programme of work. The central team of practitioners have now actively worked with 317 people with a learning disability or who are autistic . Of these people, 197 have a new outcome focused support plan in place, with 99 choosing to take up an element of a different community offer. The community connector service is now re-established and all 197 people have been approached regarding a digital solution using everyday technology to connect. 7 building based offers remain open, although actual attendance remains limited due to capacity constraints to ensure the offer is Covid secure. 50 people are now accessing on line activities provided by our day centres. 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. 18 people have moved so far which is below target however this has been impacted by the national guidance concerning social distancing.

197
People with a learning disability with a support plan
30 JUN 21

2021-2022	197
Target	130
Performance	

18
People with a learning disability moving from 24-hour care
30 JUN 21

2021-2022	18
Target	24
Performance	

Transferred a minimum of 5 libraries to community management, engaging and involving communities in the development of a cost-efficient library service

Rating: Review **Expected completion date: 31 Oct 2024**

The first stage of implementation is focused upon transferring the 20 libraries and two mobile libraries over to community management. Eight successful Expressions of Interest have been received and five Business Cases passed. The service will concentrate on the awarding of Service Level Agreements and Leases to groups and building community capacity in areas where appropriate. A tentative date has been set for the transfer of Woodville library on 21 August 2021. The library service is exploring the best way forward in view of the continuing Covid-19 restrictions alongside the Library Strategy which will be relaunched in September 2021.

Finalised the review of voluntary and community sector grants and established a consistent approach to future funding to support the sector to recover well, grow and thrive

Rating: Good **Expected completion date: 31 Mar 2022**

Work has continued on the Voluntary and Community Sector (VCS) Grant Funding Review, implementing the plans developed in Quarter 4 of 2020-21 to ensure that momentum is maintained on the review and ensure key pieces of work across the review have commenced.

Appendix 3

Officers have continued to develop and embed the new approach for investing in VCS infrastructure to support and has undertaken critical first monitoring meetings with all 13 providers to understand the work providers are undertaking as part of the new approach. Given the ongoing nature of the pandemic and the sector's role in providing a vital community response, work has been undertaken to securing funding for infrastructure organisations for an additional six-month period at a total cost of £226,114 has been critical.

To ensure that there is adequate VCS infrastructure in place to provide ongoing support to response, recovery and resurgence regarding the pandemic, work has been undertaken with Public Health to secure funding for infrastructure providers to ensure adequate capacity to support those identified as clinically extremely vulnerable (CEV) whilst providers pivot back towards their core infrastructure. These proposals, totalling £250,000 will be brought forward in the coming months.

The Council has continued to make usual grant payments during the Covid-19 crisis and has maintained regular contact with relevant organisations. Throughout the period of the pandemic preparatory work for the grants review has been undertaken to establish a baseline of current awards and to develop options appraisals to assist both internal discussions and engagement and consultation with groups at the appropriate time about future funding arrangements.

Organisations are still under significant pressure as a result of the pandemic and work has been undertaken to secure £378,936 funding to ensure the security and stability of the sector is maintained in the interim for a period of six months from 1 October 2021 - 31 March 2022.

Work has also continued to establish a new, single approach to voluntary and community sector grant funding for the Council. Five working groups have been established, with representatives from across the Council, to deliver new policies, processes, rules, regulations and digital infrastructure to support consistent and coordinated development and administration of grant funding to the VCS. This will support the whole Council to improve its funding arrangements with the sector to allow it to recover well from the impact of the pandemic and thrive in the future.

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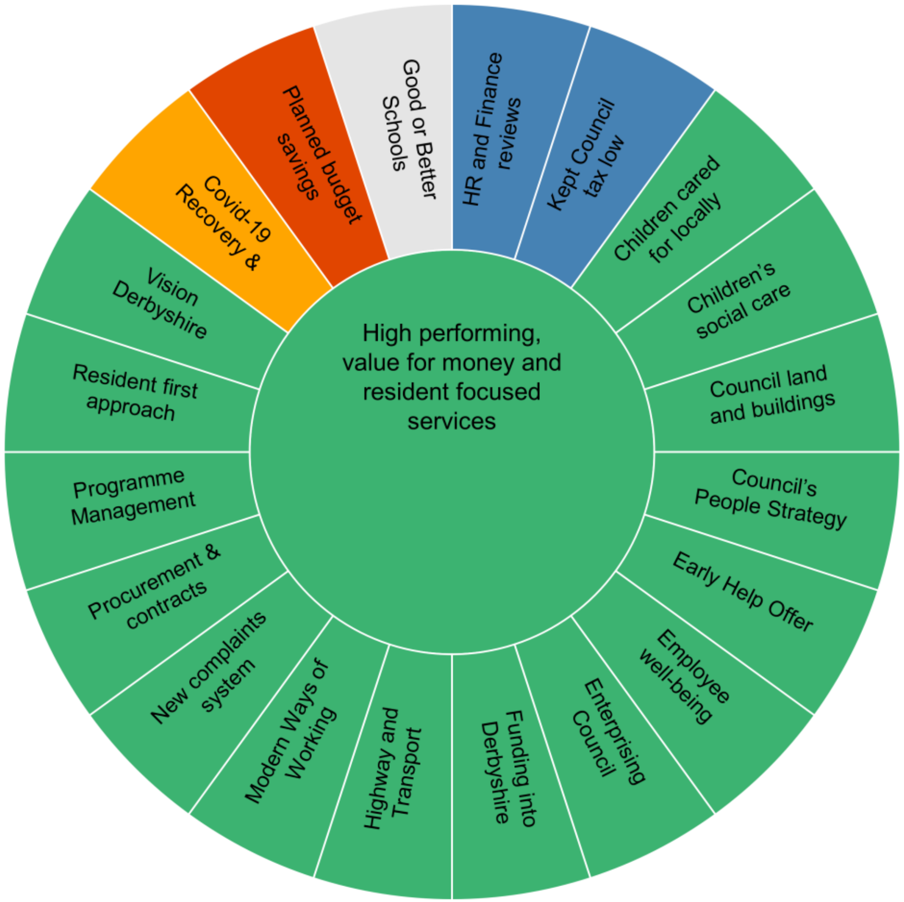
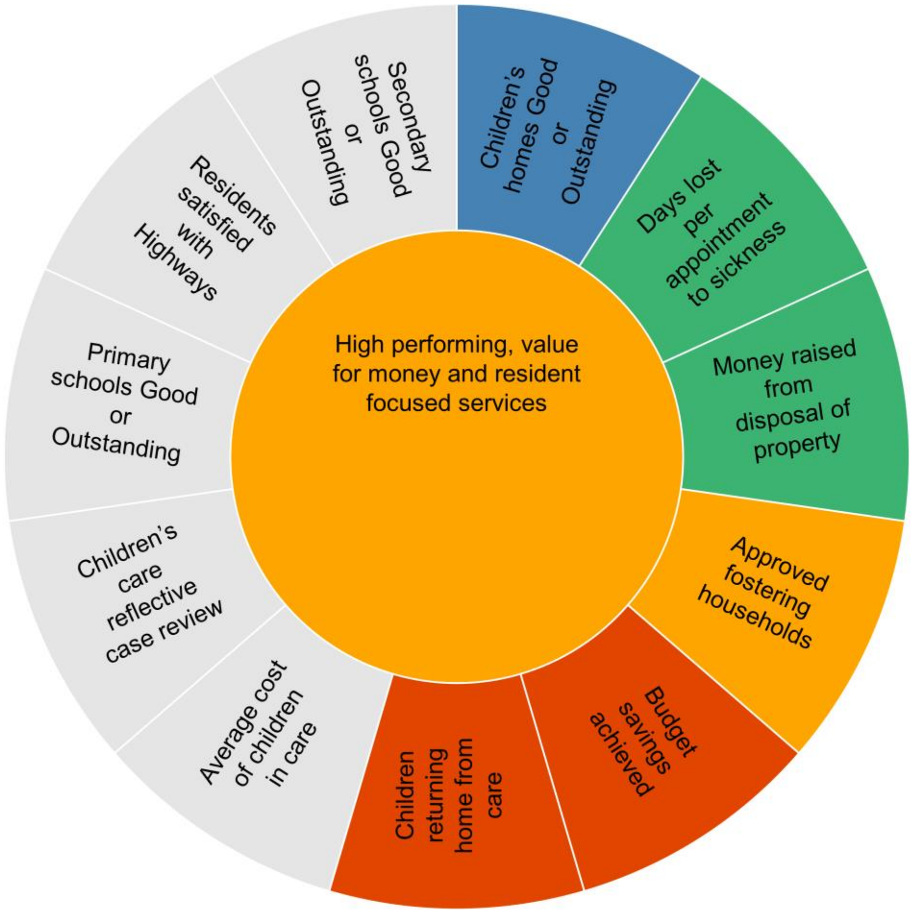
High performing, value for money and resident focused services

Overview

Deliverable Progress



Key Measures



Appendix 3

This priority shows overall “Good” progress for deliverables but measures are rated as “Review” based on 6 rated measures.

Progress on our deliverables and key measures

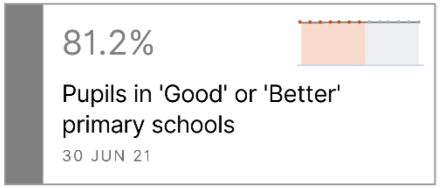
Worked with schools to ensure that the percentage of children in Derbyshire schools which are ‘Good’ or ‘Outstanding’ is in line with the national average

Rating: **Expected completion date: 31 Mar 2025**

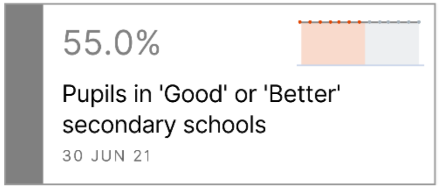
There have been no graded inspections during the Covid-19 pandemic but Ofsted has monitored schools that have been judged as requiring improvement or inadequate to check for progress towards being judged as good overall.

At the point that school inspections were suspended, the percentage of pupils in Derbyshire attending primary schools that were judged to be good or outstanding was 81.2% with performance being below the national average of 88.2% and Derbyshire being ranked 132 nationally. The percentage of secondary aged pupils attending schools judged to be good or better was 55% with performance significantly below the national average (79.5%) with Derbyshire ranked 135 nationally.

Ofsted have confirmed that their full programme of graded school inspections will resume in autumn 2021. There is however a significant change to inspection activity in the summer term commencing from 4 May 2021. Following a monitoring inspection where the evidence strongly suggests that a school's current grade is no longer a fair reflection of its work, for example where the school is graded 'inadequate' or 'requires improvement' but has clearly improved, inspectors will be able to convert to a full, graded inspection either immediately or later in the summer term. Ofsted will do the same if a visit to a higher-graded school highlights a significant cause for concern.



2019-2020	80.7%
2020-2021	81.2%
2021-2022	**81.2%**
Target	84.0%
National Benchmark	88.2%



2019-2020	54.9%
2020-2021	55.0%
2021-2022	**55.0%**
Target	68.0%
National Benchmark	79.6%

Increased the number of council foster carers and improved the availability of high quality children's homes within Derbyshire, so that more children are cared for locally

Rating: Good **Expected completion date: 31 Mar 2022**

100.0%

Children's homes rated as 'Good' or 'Outstanding'

30 JUN 21

2019-2020	83.9%
2020-2021	83.9%
2021-2022	**100.0%**
Target	91.0%
Performance	

The inspection regime has recommenced for children's homes and one of Derbyshire's children's homes has now moved into the 'good' category from 'requires improvement' which is really positive. At this time all 10 of Derbyshire's children's homes which have been inspected are rated good or outstanding. Two additional homes are awaiting their first inspection. One was deregistered due to closure for refurbishment. This home has now reopened and the refurbishment has resulted in a very beautiful home for children. The second new home, Spring cottage, is also awaiting it's first inspection.

319

Number of approved fostering households

30 JUN 21

2020-2021	312
2021-2022	**319**
Target	350
Performance	

The number of approved fostering households has increased this quarter from 312 at the end of March to 319 at the end of June. We continue to monitor and scrutinise the impact of our revised fostering recruitment campaign and continue in our activity to improve retention rates by strengthening the intensity of support in the first year of fostering. The service is currently working on a Fostering Service Modernisation Programme to ensure that our Fostering Service continues to build on its strengths while ensuring that it is in the best position to grow the service and care for more children in high-quality family placements, against the backdrop of an increasingly competitive market.

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

Rating: Good **Expected completion date: 31 Mar 2022**

40.5%

Children's care reflective case reviews good or better

30 JUN 21

2020-2021	57.3%
2021-2022	**40.5%**
Target	Baseline

We continue to see positive impact from the changes we have implemented across early help and safeguarding services with improving practice consistency and solid performance across a range of performance measures. Our improvement priority action plan which was established to drive greater consistency in practice and improvements in delivery of services in children's social care, has recently had a refresh and we continue to make good progress in delivering the actions identified. This will ensure that the focus of activity to strengthen practice continues to be in the right places and at the right time.

Demand levels in social care continue to be closely monitored to ensure that services are alert to any indicators of change. Currently the situation remains stable around numbers of referrals into the service. However the number of children being admitted to care has followed an upward trajectory with more children being admitted at an older age due to increasing mental health and wellbeing concerns including stress in families leading to higher levels of aggression and violence. Good progress has been achieved in establishing a sustainable workforce. Recent targeted recruitment of social workers in the south of the county has been fruitful and this should result in a reduction in agency staffing. A stable, well trained and supported workforce is key to high quality help and support for families across Derbyshire.

We have changed the way we audit and grade our social care cases this year. Reflective case reviews have replaced our previous audit approach. These provide us with a more rounded oversight of practice informed by the views of practitioners, children and parents. Previous audits were assigned an overall grade. With our new reflective case reviews, individual sections are graded giving greater granularity about quality of practice. As the number of reflective case reviews completed increases through the year, we anticipate an increase in performance as we better gauge the quality of practice across social care. Performance this year is not directly comparable with previous years and a new target will be set for quarter 2 when we will have completed more reflective case reviews.

Implemented recommendations from our children’s services evaluation to reduce demand, improve outcomes for children, young people and families and reduce expenditure

Rating: Good **Expected completion date: 31 Mar 2022**

During 2020 the Council commissioned some time-limited Children's Diagnostic work from Newton Europe to help us explore potential opportunities for some of our most challenging areas. Newton Europe also provided predictions in demand arising from Covid-19 during this period. The diagnostic work focussed on safeguarding and early help pathways and decision-making, placements and commissioning, children's disability pathway and home to school transport. This activity included data analysis, workshops with relevant staff, case reviews and research. Following the findings of this work, the Council is entering into the next phase to take these findings forward with a transformational programme of work across Children's Services. Work has already commenced on the design phase this quarter, looking at how the Council can improve the outcomes for vulnerable children, young people and families being supported by the authority. This stage will lead into the implementation phase which will commence in September 2021.

15.1%
Children returning home from care
30 JUN 21

2019-2020	19.0%
2020-2021	16.2%
2021-2022	**15.1%**
Target	18.0%
Performance	

£53,241
Average cost of children in care placements
31 MAR 21

2019-2020	£46,091
2020-2021	£53,241
Target 20-21	£41,000
Target 21-22	£41,000

The proportion of children returning home to live with parents or another person with parental responsibility as part of the care planning process has increased from 14.8% at the end of Quarter 4 to 15.0% at the end of Quarter 1. The target for this measure is to be above the national average. Performance is below the latest national figure of 18% which related to 2019-20.The national figure for 2020-21 will be published in December. The average cost of children in care placements is an annual indicator. The last update and rating is from Quarter 4 2020-21. We continue to face pressure from the rising cost of placements for children in care. We are progressing activity to identify opportunities, particularly through our work with Newton Europe, to improve the experiences and outcomes for children whilst also improving value for money. Data for 2021-22 will not be available until Quarter 4.

Appendix 3

✓ Increased the levels of customer satisfaction in the Council’s Highway Service

Rating: Good **Expected completion date: 31 Mar 2022**

Customer satisfaction is reported following the results of the NHT report available in October annually. The data is reported in Q3.

54.0%

Residents satisfied with Highways and Transport services

31 DEC 20

2019-2020	55.0%
2020-2021	54.0%
Target 20-21	55.0%
Performance	✓
2021-2022	Due in Q3
Target 21-22	57.0%
National Benchmark	54.0%

✓ Supported a resident-first approach through a range of mechanisms to improve access to online services and customer service performance

Rating: Good **Expected completion date: 31 Mar 2022**

The Customer Relationship Management (CRM) system, which will enable residents to access a larger number of services online - and to track the progress of their requests - is currently being installed with the delivery of the agreed Phase 1 services to be in place by 31 December 2021. This will include improved customer feedback (complaints, comments and compliments) processes and use of the CRM system by both the Contact Centre (Call Derbyshire) and the Highways Hub to improve customer experience when interacting with the Council.

There is a target of 80 services being available online via the CRM by the end of the year and performance against this will be reported once implementation has commenced.

✓ Put in place a new complaints and feedback system to improve service delivery and resident experience

Rating: Good **Expected completion date: 31 Mar 2022**

The underpinning Customer Relationship Management (CRM) system is now being installed and delivery in Phase 1 (July to December 2021) has now been agreed with the supplier and governance board.

Customer feedback for Children's Services and Place will be delivered in Phase 1, with investigation work for Adult Social Care & Health customer feedback taking place in the same period (with delivery anticipated in 2022). Phase 1 will also see the development of data reporting to ensure that relevant information is available to support improvement. Investigation work for customer feedback in Commissioning, Communities & Policy, which is more disparate, will take place in 2022.

Customer feedback reports will be made quarterly to the Corporate Management Team from 2021-22.

Delivered Phase 3 of Vision Derbyshire including activity on business support, climate change, homelessness, independent living and skills and employment priorities, creating new arrangements to speed up joint decision making with partners

Rating: Good **Expected completion date: 30 Sep 2024**

Vision Derbyshire continues to be driven forward, involving a significant investment of time, hard work and goodwill from participating councils and their leaders, executive officers and lead officers. The future of the approach is now at a critical stage of development and the work undertaken over this quarter has been vital to accelerating the delivery of the programme

This has involved progressing Phase 3a, underway since April 2021 and sought to take advantage of the significant progress made during Phase 3 putting in place plans and making the necessary preparations for the delivery of a wider, ambitious programme of work as part of Phase 4 proposals.

The work in Phase 3a has included scoping out and developing programme delivery plans for the four thematic ambitions, further developing new formal governance arrangements, identifying resources for the creation of dedicated joint programme support and drafting a shared report for securing councils' buy in for Phase 4 through each individual Council's formal governance arrangements.

Worked with partners to secure additional funding into Derbyshire and progress a devolution deal for the East Midlands

Rating: Good **Expected completion date: 30 Sep 2022**

The Council continues to await Government's plans on the future of English Devolution following the omission of the Devolution and Local Recovery White Paper in the 2021 Queens Speech. Whilst the Council anticipates the details on a newly announced 'Levelling Up' White Paper, work will continue on progressing proposals for Vision Derbyshire, as this remains the fundamental first step in ensuring that Derbyshire Councils can demonstrate to Government a new collaborative model of local government and deliver better outcomes for local people.

Developed a medium and long-term organisational recovery and renewal strategy to address the challenges and opportunities presented by Covid-19

Rating: Review **Expected completion date: 30 Sep 2021**

Due to the continued Covid-19 response extending into 2021, the start of this workstream was delayed. The workstream will develop a clear strategy and roadmap to accelerate the delivery of the Council's future ambitions. This work has now started, with meetings held to discuss the scope and scale of this workstream as the Council moves into the recovery phase following the prolonged pandemic response efforts. This activity is identifying potential overlap, gaps and complementarity with other areas, including Community Renewal and Modern Ways of Working. Baseline activity is now being undertaken along with a review of Economic Recovery priorities.

A report outlining the next phase of this work was agreed at Cabinet in June 2021. The strategy will include a number of renewal principles, including:

Being future focussed and working now on the long term change we would wish to see for our future generations;
Focussing on the four 'E's - economy, efficiency, effectiveness, equity and the 'F' - fairness;
Providing strong leadership and assurance, reimagining the role of the Council, working in partnership with local communities and partners to deliver ambitious change;
Harnessing the potential of people who have mobilised during the current pandemic and identifying opportunities to devolve power to local communities;
Maximising opportunities to drive forward organisational change and reduce our carbon footprint.

Identified and implemented a programme of strategic transformation as part of Phase 2 of the Enterprising Council Strategy

Rating: Good **Expected completion date: 31 Dec 2021**

The Enterprising Council programme has continued to progress during the last quarter, with the Enterprising Council Board meeting monthly to provide oversight and direction to the delivery of activity. A report was taken to Cabinet in June, that reviewed the progress to date and agreed the workstreams for the next phase of work. These areas include Strategic Transformation and the establishment of a Programme Management Office, Modern Ways of Working, the People Strategy, Organisation Recovery and Renewal, and Demand Management.

Established a new Programme Management Office to ensure projects and programmes are coordinated, consistent and deliver improved outcomes and value for money

Rating: Good **Expected completion date: 31 Mar 2022**

The establishment of a new Programme Management Office (PMO) has continued to progress during the last quarter. Following the conclusion of the report into developing a One Council approach to transformation, a detailed implementation plan was agreed at Cabinet in June 2021 with six areas identified as the focus for the next phase of the work. These include: the review of all existing change and transformation projects and programmes; introducing corporate transformation governance arrangements, development of a clear approach to how benefits will be delivered.

Implemented Phase 1 of the Modern Ways of Working strategy working with employees across the Council to design new approaches to agile and flexible working

Rating: Good **Expected completion date: 31 Mar 2022**

The Modern Ways of Working programme continues to progress in this last quarter. The programme will build on the significant shift in working practices that has taken place in the pandemic, including the rapid implementation of new technology across the Council, greater home working and more flexible agile working practices. Work has been undertaken to establish new programme governance structures, engagement with staff and other key stakeholders, and a detailed project plan. There is a programme of desks and office clearance being undertaken to ensure the spaces can be adapted and used more flexibility.

A report was taken to Cabinet in June 2021 to update on progress and agree the next phase of work, including developing a long term strategy, that will ensure alignment with other key Council priorities such as the ambition to be carbon zero by 2032, the digital approach and planed outcomes from Property 2025.

Carried out reviews of Human Resources and Finance functions to further improve these services and make savings

Rating: Strong **Expected completion date: 30 Sep 2021**

The Human Resources review is on track to exceed projected savings for 2021-22. Health, Safety & Wellbeing was implemented on 6 April 2021, with Recruitment, HR Business Services and Learning and Development on track to implement on 26 September 2021.

A revised operating model for finance will be implemented on 5 July 2021. Formal consultation was undertaken between February and April 2021 for those in scope of the Review. Following the period of consultation, recruitment and selection procedures were completed. The Review will deliver savings of £0.040m.

Developed and approved the Council's People Strategy and associated people priorities, encompassing the council's people vision, employee values and behaviours

Rating: Good **Expected completion date: 30 Sep 2021**

The Council's People Strategy incorporates the organisation's people ambition which reflects what we are trying to achieve with the overarching aim to be a diverse employer, an innovative employer and an employer of choice. The strategy outlines five key people priorities which will enable the development of the organisation wide workforce agenda but will also enable departmental and localised people plans to be developed by leaders at all levels of the organisation.

The strategy will be presented to Cabinet on 8 July 2021 for approval.

Appendix 3

Implemented the Wellbeing Action Plan to support employee wellbeing, reduce sickness absence and improve service delivery

Rating: Good **Expected completion date: 30 Apr 2022**

The new sickness absence measure has now been launched and is now being used in the regular monthly reporting to Departmental Management Teams. Departments are currently establishing departmental targets for sickness absence relating to the new measure and a council wide target can then be put in place to reflect these. The new health, safety and wellbeing structure has been launched and the functional teams established, the teams have a work plan in place to deliver on the actions in the Council's health safety and wellbeing Action plan which will also be refreshed. A Health Safety and Wellbeing Challenge group has been established to provide a link between the Council's senior management and the Health, Safety and Wellbeing team.

4.4%

Employee sickness absence
31 MAY 21

2020-2021	4.1%
2021-2022	**4.4%**
Target	Baseline

8.8

Days lost per appointment to sickness
30 JUN 21

2019-2020	10.4
2020-2021	8.7
2021-2022	**8.8**
Target	9.0
Performance	✓

The new sickness absence measure shows total sickness hours in the month as a percentage of total working hours available with the latest performance figure up to end of May being 4.4%. Whilst the baseline is being established and targets agreed for the new measure the established measure of days lost per appointment to sickness will continue to be reported to give a comparative trend and the June figure of 8.8 days shows good performance against the target of 9 days.

Implemented a programme to centralise the Council's property assets and budgets to ensure the most effective use of our land and buildings

Rating: Good **Expected completion date: 31 Mar 2022**

A report to approve transition to a full 'Corporate Landlord' operating model under the name of 'Asset Optimisation' has been approved by Cabinet. Asset Optimisation brings the responsibility and accountability for land and property asset management, including all budgets and decisions, centralised within Corporate Property. The report also approved creation of a specialist role to produce a detailed and costed timetable for this programme of work. In Quarter 1 an Asset Optimisation panel has been established and a Project Initiation Document with Options Appraisal produced.

£0

Money raised from the disposal of land and buildings
30 JUN 21

2019-2020	£2,898,546
2020-2021	£3,961,593
2021-2022	**£0**
Q1 Target	£0
Performance	✓

The Council expects to raise £3.6m from the disposal of property assets by the end of the year, however no sales were scheduled for Quarter 1.

Appendix 3

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

Rating: Strong **Expected completion date: 31 Mar 2022**

Council Tax for 2021-22 has increased by 2.5%. Compared to the 13 similar county councils, i.e. those without fire and rescue service responsibility, the Council set the 2nd lowest council tax increase. The average percentage increase for similar authorities was 3.81%. The Council had the option to increase the Adult Social Care Precept by 3%, however, the Council opted for a 1% increase with the option to levy the remaining 2% ASC Precept in 2022-23.

Kept on track to achieve all planned budget savings in the medium term

Rating: Action **Expected completion date: 31 Mar 2022**

The Quarter 1 position shows a projected achievement of savings of £9.777m, substantially short of the target of £26.059m. Covid-19 has had a significant impact on the savings programme, however additional funding from Government is mitigating the impact of some of the shortfall on the Council's financial position. Some 2021-22 savings will be achieved in 2022-23 and later; savings targets are being re-profiled to ensure they will be achieved in later years and supported with one off funding until then.

37.5%

Projected percentage of annual budget savings achieved

30 JUN 21

2019-2020	63.5%
2020-2021	49.2%
2021-2022	**37.5%**
Target	100.0%
Performance	

Demonstrated value for money through excellent procurement and contract management

Rating: Good **Expected completion date: 31 Mar 2022**

The latest Value for Money Board (VfM) considered value assessments presented by the Place department on Traffic Management Systems and Childrens Services on Accommodation and Support Services for Children in Care leading to excellent engagement and debate from all members.

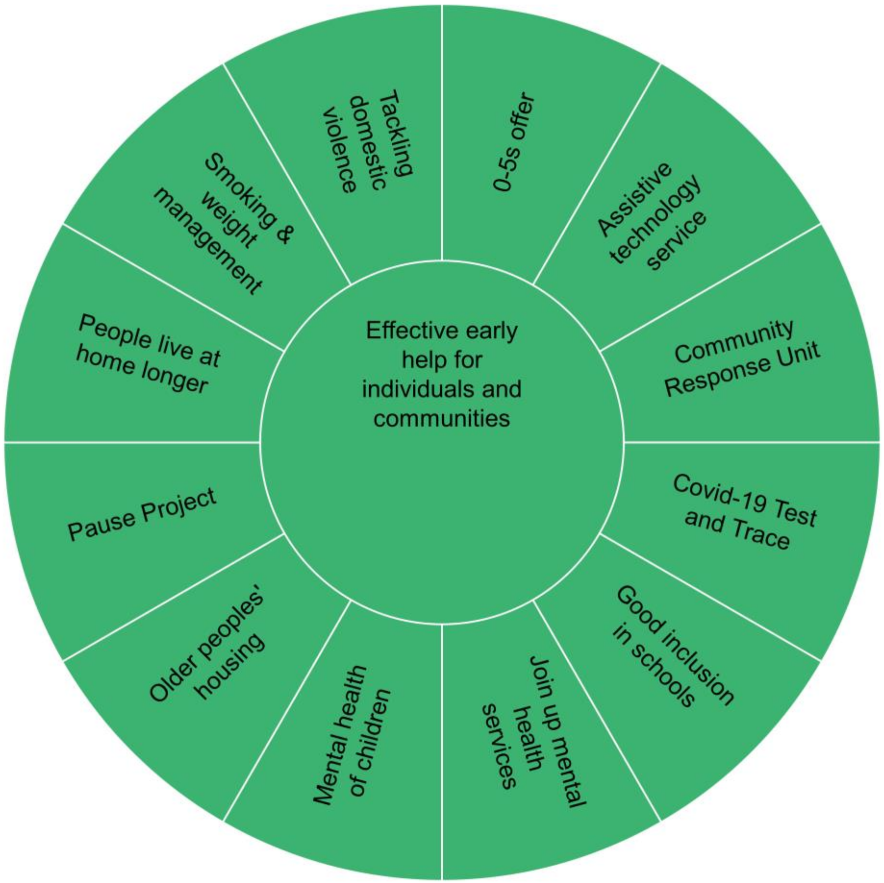
Councillor Spencer is the new chair of the VfM Board and is looking to reconfigure the terms of reference to widen the scope to consider value for money beyond just procurement.

The next meeting in July will have value assessment presentations from Public Health on Adult Integrated Substance Misuse Treatment Service (Drug & Alcohol) and the Print Services Framework .

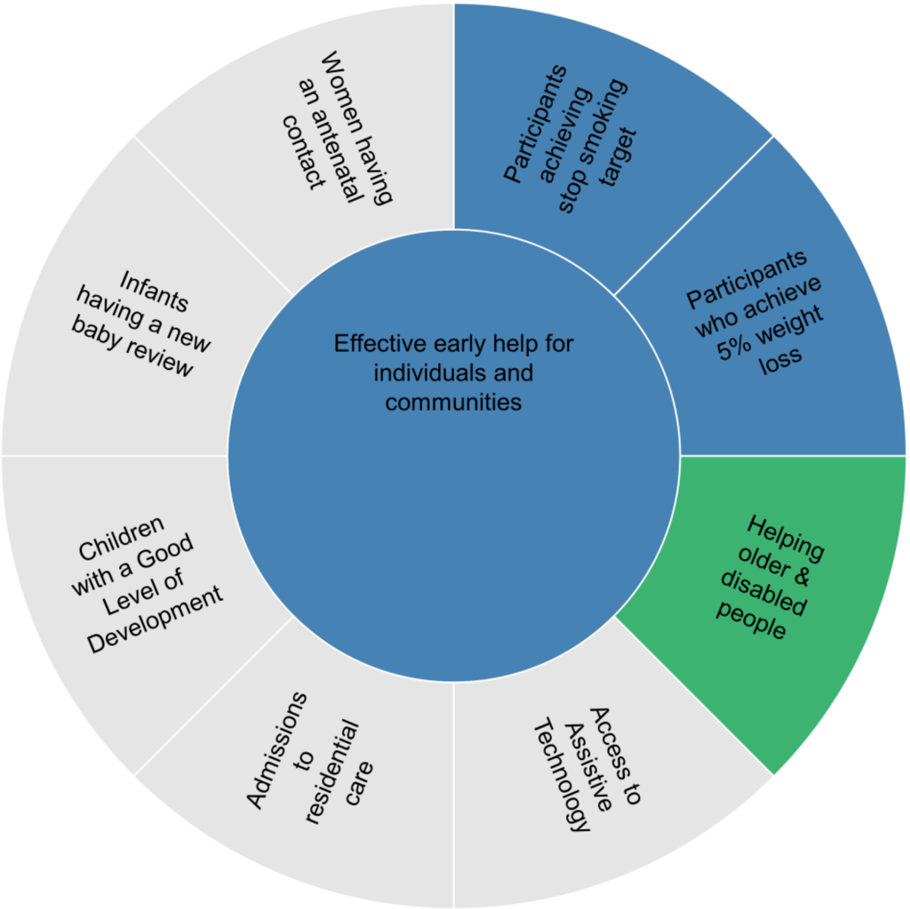
Effective early help for individuals and communities

Overview

Deliverable Progress



Key Measures



Appendix 3

Progress is “good” for all of the Council Plan deliverables in this priority, and there is an overall rating of “Strong” based on 3 rated measures.

Progress on our deliverables and key measures

Continued to operate the Community Response Unit, established during the pandemic, as part of our work to improve health and wellbeing

Rating: Good **Expected completion date: 30 Sep 2021**

The Community Response Unit (CRU) are now offering advice and support to people who require transport to vaccinations. It is now integrated into the strategic approach to health and wellbeing and Public Health recovery work. Calls to the CRU have reduced dramatically over the last few months. In the last quarter, the CRU has answered 161 calls and logged 47 requests for help and support. The most requested type of support was with food, finances, emotional support, information or advice and prescriptions.

A questionnaire is being prepared to send out to everyone who has accessed the CRU since March 2020. This is to ask about their experience of using the CRU and what help and support they may need over the next year. This is intended to help shape the CRU for the medium term

Undertaken local Covid-19 testing and contact tracing activity and provided advice to schools, care homes, businesses and communities to help manage the spread and outbreaks of coronavirus

Rating: Good **Expected completion date: 31 Mar 2022**

There have been 6,086 Covid-19 cases in Derbyshire in Quarter 1. The contact tracing team have completed 2,598 calls. These have been a combination of initial contact tracing when the national team were unable to complete cases (prior to 1 June 2021) and enhanced contact tracing. This has included ensuring that all cases are followed up, support is offered, calls to those with a Variant of Concern have been made with additional questions, enhanced contact tracing has been conducted with all care home staff and any districts where rates have risen as identified by the Incident Management Teams. Derbyshire County Council was approved to be a Local 0 local authority and be the first point of contact for all positive cases in Derbyshire from 1 June 2021.

There have been 110 incidents or outbreaks in education settings and 18 in workplaces that have been managed by the Council. Support including detailed risk assessments, clarification of new guidance and individual queries, including from parents, have been given to all education settings. In addition, there have been 6 outbreaks in care homes that Public Health and Adult Care staff have worked with NHS colleagues and providers to manage the outbreak and reduce risk of further transmission.

In Quarter 1 27,385 lateral flow tests for Covid-19 have been conducted through 29 Council-run Community Testing Sites.

Significant COVID incidents responded to in Quarter 1 include:

Targeted testing was conducted on the 3rd and 4th June in Gamesley due to high numbers of cases, spread of the Delta Variant and cases associated with the local primary school. Test kits were hand delivered to every household and a mobile testing unit positioned in the area. This resulted in 970 tests being taken in the area. A significant amount of communication was undertaken with local residents and other key stakeholders within the area to ensure a good uptake of testing.

Appendix 3

A large outbreak of over 170 cases at Wilsthorpe School in Erewash required significant resource allocation to work with the school on risk assessments and advice and guidance, enhanced contact tracing across the district, provision of a testing unit on site for all staff, pupils and their households, with a further testing unit deployed for the wider community. A number of cases were reported in other local education settings in the area, and support was also provided to these settings as well to reduce risk of onward transmission. Regular information was also provided to the wider community.

Follow up of Delta variant cases – enhanced surveillance and follow-up was undertaken on initial cases of the Delta variant recorded within Derbyshire. Where required, this included visits to households who were non-contactable by phone, working alongside Environmental Health teams. As a response to the Delta variant, the Council worked with PHE to develop a standardised approach to ensure a timely response to follow-up of cases suspected as being a variant of concern, which has now been fully implemented.

Appendix 3

Increased the number of people taking part in stop smoking and weight management programmes

Rating: Good **Expected completion date: 31 Mar 2022**

The stop smoking and weight management service continue to be delivered virtually and via telephone due to the impact of Covid-19. The number of people setting a quit date in Quarter 1 (717 quit dates set) is higher than any quarter of 2020-21 and is higher than 2020-21 Quarter 1 (595 quit dates set). To date 348 participants have achieved a 4 week Quit. Based on our average quit rate of 65% the forecast is 466 individuals to achieve a 4 Week Quit for Quarter 1 2021-22, compared to a target for the quarter of 300.

For weight management there were 412 new starters in Quarter 1 and as weight management is a rolling programme it is forecast that 185 people will lose weight,

466 

Number participants who stop smoking for 4 weeks

30 JUN 21

2019-2020	1,158
2020-2021	1,554
2021-2022	**466**
Target	300
Performance	

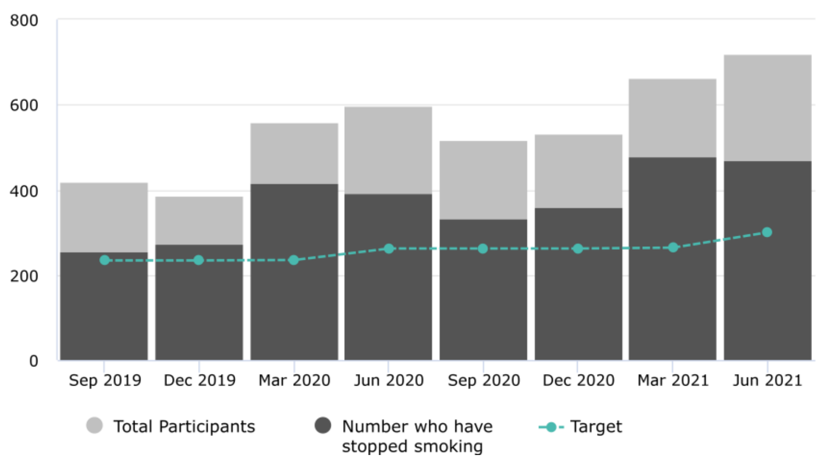
74 

Participants who achieve 5% weight loss (projected)

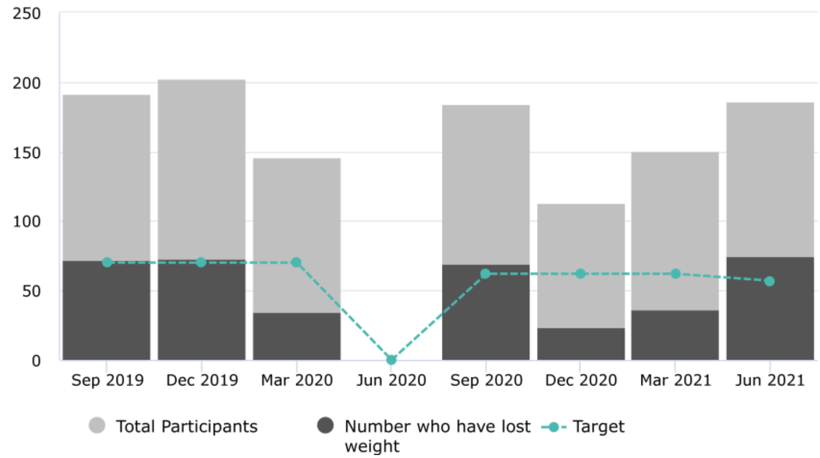
30 JUN 21

2019-2020	232
2020-2021	127
2021-2022	**74**
Target	57
Performance	

Number of participants who stop smoking



Number of participants who lose weight



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with 74 achieving a 5% weight loss, compared to a target of 57 for the quarter. Due to Covid-19 the number of people being referred or self-referring and starting our weight management programme is approximately 50% lower than 2019-20 when the service was delivered face-to-face.

We are working with local Clinical Commissioning Groups to engage GP practices to encourage GPs to make more referrals into the service.

Provided training to all schools and education providers to support the emotional wellbeing and mental health of children following the coronavirus pandemic

Rating: Good **Expected completion date: 31 Mar 2022**

To date the Wellbeing for Education Return has delivered training to 218 staff from education settings across Derbyshire including from 123 state-funded primary schools and 11 secondary schools. The Wellbeing for Education Return programme supports staff working in schools and colleges to respond to the additional pressures some children and young people may be feeling as a direct result of the pandemic, as well as to any emotional response they or their teachers may still be experiencing from bereavement, stress, trauma or anxiety over the past months. The training is offered to every school and college in England to help support pupil and student wellbeing, resilience and recovery in the context of Covid-19 and to prevent longer-term mental health problems developing. Nominated staff receive the training through interactive webinars which can then be shared more widely within their school or college. Feedback from Derbyshire schools involved so far is that the training has raised general awareness of wellbeing and mental health and the background to supporting staff, students and the community with a realisation that all schools are experiencing the same things and are doing their best to support the children and the families in the community. Feedback is that the package addresses the current situation well, helpfully signposts online resources and has refreshed ways of thinking when asking for support from other agencies and for supporting the children, their families and staff team

Worked with partners to join up existing mental health services to promote positive mental wellbeing and improve support for local people

Rating: Good **Expected completion date: 30 Sep 2021**

Work with partners is ongoing to develop central sources of information through a countywide website and a mapping tool for mental health support groups. A network of mental health sub-groups, aligned with the health and wellbeing partnerships in each district, connects partners to facilitate communication of local opportunities. Information on campaigns, support and opportunities is regularly cascaded out. In Quarter 1, promotion around Mental Health Awareness Week in May and Men's Health Week in June was circulated, plus a specific focus for mental health sub-groups on the emotional wellbeing of children and young people.

Joined up Health Visiting Services and Childrens Centre activities with the NHS to improve service delivery for 0-5s across Derbyshire

Rating: Good **Expected completion date: 31 Mar 2022**

The Strategic Governance Board (SGB) which has oversight of the Section 75 Partnership Agreement between the 0-19 Public Health Nursing Service and Public Health contribution to Children's Centres only met once during the 2020-21 financial year. This was to enable both services as well as Public Health to concentrate resources on responding to the Covid-19 pandemic. The SGB was re-instated fully in March 2021. The main priorities within the SGB are to promote recent changes to vision and hearing screening as well as review the Service Level Agreement in place with Children's Services. Work is also continuing between the 0-19 Public Health Nursing Service and Children's Centres to increase the number of and quality of early help assessments completed.

Early Years Foundation stage assessments to show children's levels of development were cancelled in 2020 due to Covid-19. Assessments are expected to go ahead in August with the target of 71.8% set to be above the national average based on the 2019/20 figure of 70.8%.

Quarter 1 data for antenatal contact and new baby reviews will be available during Quarter 2. However year end data for 2020-21 show good performance for both with antenatal contacts at 93.5% against the target of 93% and new baby reviews at 69.9% against the target of 94%

70.8%
Children achieving a Good Level of Development
31 AUG 19

2019-2020	70.8%
2020-2021	Cancelled
2021-2022	Due in Q2
Target 21-22	71.8%

93.5%
Pregnant women receiving an antenatal contact
31 MAR 21

2020-2021	93.5%
Target 20-21	93.0%
Performance	✔
Target 21-22	93.0%

96.9%
Infants receiving a new baby review between 10-14 days
31 MAR 21

2020-2021	96.9%
Target 20-21	94.0%
Performance	✔
Target 21-22	94.0%

Worked with District and Borough Councils and other partners to develop new sites that will increase the amount of age-appropriate accommodation and support for older people

Rating: Good **Expected completion date: 31 Mar 2035**

The Property & Services Governance Accommodation Group continue work to identify and map assets including land to support developments as required and a Dashboard/Tracker has been established.

The Interim Older People's Market Position Statement, together with the underpinning engagement survey was approved in June by the Cabinet Member and is available on the Council's website

Phase 2 of the Bennerley Fields development work is at an early stage, we are working with the Council's Property Services to develop a design brief for this site, which could include Extra-Care, inter-generational living and affordable homes for Keyworkers.

Page 328

Finalised the new ways of working with older people and disabled people to increase their independence so that they remain part of their local communities

Rating: Good **Expected completion date: 31 Mar 2023**

The Better Lives programme work has continued in Quarter 1 with a focus on embedding the enhanced reablement offer. This new offer is on target to ensure an additional 1,320 people are able to access this service per year. Performance from this quarter shows that the service supported 885 people against a target of 897. Concerning admissions to residential care, whilst data is now available for Quarter 4, and this is showing a downward trend, further work is required to ensure comparisons can be made between 2019-20 to 2020-21 and to set a target for 2021-22. Performance data will be available in Quarter 2.

885

Helping older & disabled people to regain independence

30 JUN 21

2021-2022	885
Target	897
Performance	✓

No Data 30 Jun 21

Admissions to residential care

30 JUN 21

2021-2022	No data

Commissioned and procured a new assistive technology service offer to support people with social care needs to live independently in the community

Rating: Good **Expected completion date: 31 Mar 2022**

No Data 30 Jun 21

People with social care needs accessing Assistive Technology

30 JUN 21

2021-2022	No data

The Brain in Hand (BiH) 12 months pilot is progressing well. BiH provides digital self management technology, which, combined with human support, helps people live more independently. As a result of the successful implementation of the pilot some case studies have been identified and will be published in the practice bulletin. 32 referrals have been sent to BiH and there are currently 25 clients using the BiH app. Monthly meetings have now been set up with the BiH team to monitor clients commencing in the next quarter. There has been an increase of 31% (63 clients) in the utilisation of the canary activity monitoring kit, compared to the last quarter (48 clients), this is due to the continuous promotion of the importance and effectiveness of the kit to support social care assessments.

There are ongoing discussions with the current Assistive Technology (AT) providers (Districts and Boroughs and housing associations) about the future service delivery options for the Assistive Technology offer and the AT Board continues to meet on a monthly basis to progress priorities of the service. The Council Plan measure for AT is not available this quarter due to the ongoing data cleansing exercise currently taking place, the data should be available in Quarter 2.

Appendix 3

Developed a needs assessment and strategy to improve arrangements for tackling domestic violence and supporting victims

Rating: Good **Expected completion date: 31 Mar 2022**

The Domestic Abuse Act 2021 requires that the Council complete a needs assessment in relation to accommodation based support for victims of domestic abuse and their families and agree a local strategy by October 2021. This will need to be submitted to the Ministry of Housing, Communities and Local Government. This work is well underway and will be completed within the required timescale. Within Derbyshire, the Council, with partners made the decision to expand the scope of the needs assessment to include all aspects of domestic abuse. As such work will be undertaken with partners to develop a wider domestic abuse strategy by March 2022 and the domestic abuse accommodation strategy will be incorporated into this as it develops.

Delivered the ‘Pause’ programme, to address the needs of more than 50 women who have had multiple children removed into care and to prevent this cycle recurring

Rating: Good **Expected completion date: 30 Sep 2024**

The Pause Project has worked with the current group of women since February 2020 and this will be ongoing up to the 18 month end point. Pause has worked with 107 referred women with a range of unmet needs which include domestic violence, housing, debt, mental ill health, substance misuse and children in care. By working systemically and in partnership across a number of organisations and pathways the project has achieved improvements for the women engaged. Data indicates that the greatest presenting need in the last 12 months has been mental health (72%) and domestic violence (63%). 27 women are directly engaged with the Pause programme and 2 women have completed the programme (target being 32) equating to a 91% maintenance rate and this exceeds the contractual threshold of 80%. This involvement with the project is outstanding due to the challenges to models of delivery due to the impact of the pandemic. There have been no further care proceedings; all women are now registered with a GP; 7 women are registered with a dentist and 13 women are now in Education, Training, Employment or Volunteering. 19 of these women have already received 12 months of intensive support.

Qualitative evidence through self-reporting indicates 100% improvement across multiple issues and ongoing working towards individual goal-setting by women. The Pause team comprises 4 practitioners - with an average practitioner caseload of 6-8 people. Recruitment to the next group has begun, with 89 referrals, including from women leaving care. External evaluation of the programme by the University of Sussex will take place throughout 2021.

Appendix 3

Worked with partners, including young people and their parents and carers, to produce a set of clear expectations about what good inclusion looks like in mainstream schools across Derbyshire and to define the specialist provision that should be accessible in each locality

Rating: Good **Expected completion date: 31 Mar 2022**

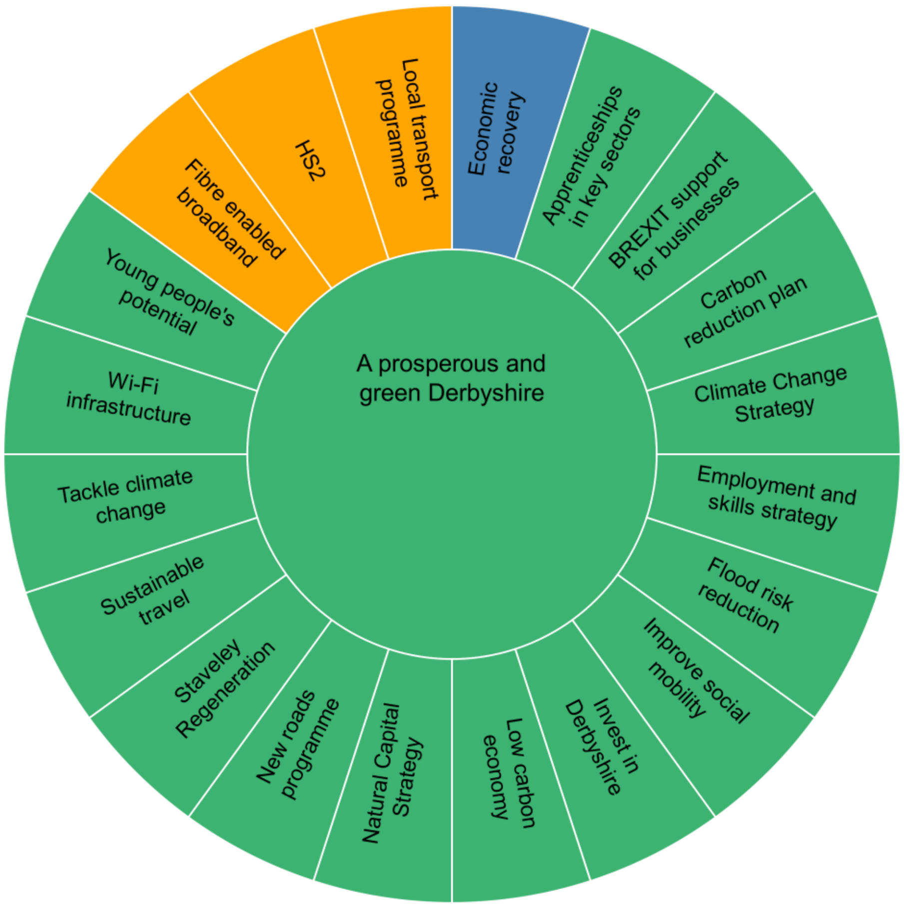
Good progress has been made working with partners including young people and their families. The work has been completed and a draft document is now in place. Current activity is focussed on the launch of the document and publicising the expectations which is scheduled for September 2021.

Appendix 3

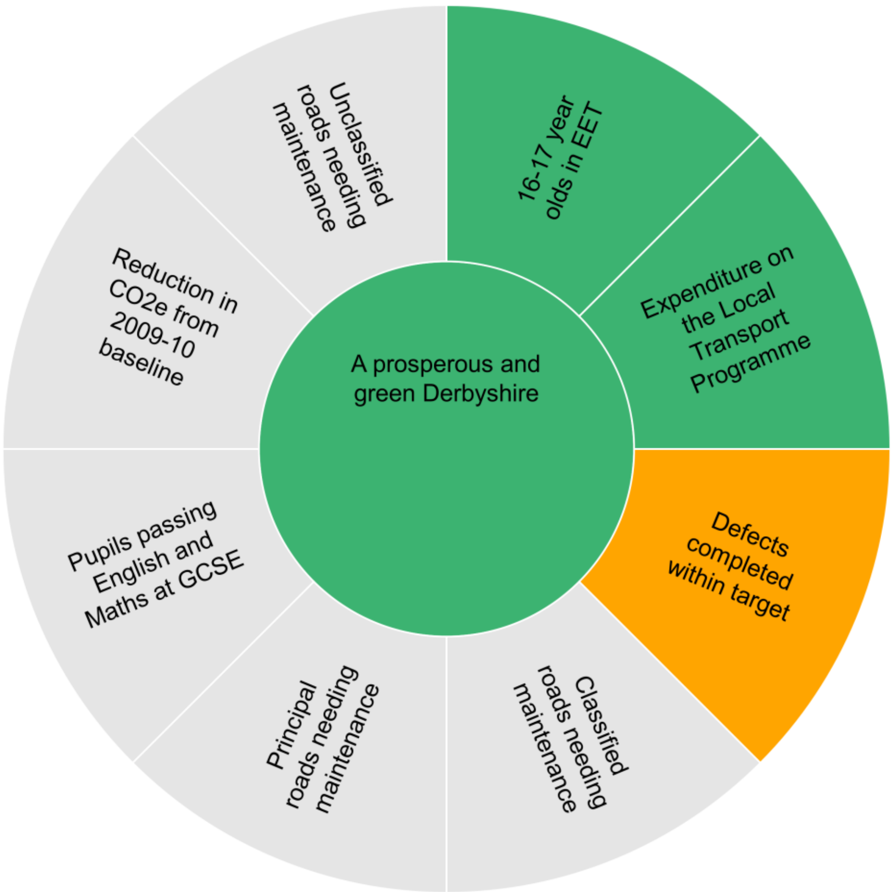
A prosperous and green Derbyshire

Overview

Deliverable Progress



Key Measures



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Appendix 3

This priority shows overall “Good” progress for deliverables and a “Good” rating based on 3 rated measures.

Progress on our deliverables and key measures

Delivered a £40m Local Transport Programme to provide well maintained roads and highways and address road safety concerns

Rating: Review **Expected completion date: 31 Mar 2022**

Reporting of actual spends is difficult for Quarter 1 due to the delay it takes for invoices and costs to come through. A significant ramp up of the pace of delivery is planned in Quarter 2 after which actual spend will be reported.

The capital finance monitoring that has taken place has not lined up with the financial year but for information the spend for the 4 months between 12 February 2021 and 11 June 2021 was £8.8m with an estimated figure of £5m spent during the quarter. Confirmed Quarter 1 figures will be provided in the Quarter 2 report.

Contract arrangements are in place to deliver the significant resurfacing and surface treatment packages of the capital programme.

Surface treatment works have started with approximately £1m delivered so far of the estimated £6m of works required. The remaining £5m is all programmed to be delivered within Quarter 2.

Resurfacing is continuing utilising in-house resources and the pace of delivery will increase as extra resources are brought into the county by a national contractor to enable them to fulfil the requirement of delivering the full programme by 31 March 2022. Similar arrangements are being put in place to deliver the other key packages of work.

Results of the next Annual Engineering Inspection survey of the highway condition will be available in December and will update the 2020 figures of 17% principal, 17% classified and 27% unclassified roads needing maintenance

Construction is continuing utilising internal resources with firm commitment to programmes of work including footway resurfacing and routine maintenance.

The delivery of surface treatment and resurfacing programmes in forthcoming months is key to adding resilience to the network and preventing and/or minimising damage through the next winter period.

The additional resources employed dealing with potholes on the network has had the desired effect with numbers now down to satisfactory levels.

A total of 7,618 defects were fixed in Quarter 1 with 85.6% of defects being completed within target bringing performance nearer to the 90% target and a marked improvement on the 53.4% figure for 2020-21 .

£5,000,000

Expenditure on the Local Transport Programme

30 JUN 21

2021-2022	**5,000,000**
Target	5,000,000
Performance	

17.0%

Principal roads needing maintenance

31 DEC 20

2019-2020	13.0%
2020-2021	17.0%
Target 20-21	13.0%
Performance	
2021-2022	Due in Q3
Target 21-22	13.0%

17.0%

Classified roads needing maintenance

31 DEC 20

2019-2020	23.0%
2020-2021	17.0%
Target 20-21	23.0%
Performance	
2021-2022	Due in Q3
Target 21-22	23.0%

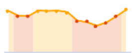
27.0%

Unclassified roads needing maintenance

31 DEC 20

2020-2021	27.0%
Target 20-21	31.0%
Performance	
2021-2022	Due in Q3
Target 21-22	31.0%

85.6%



Defects completed within target

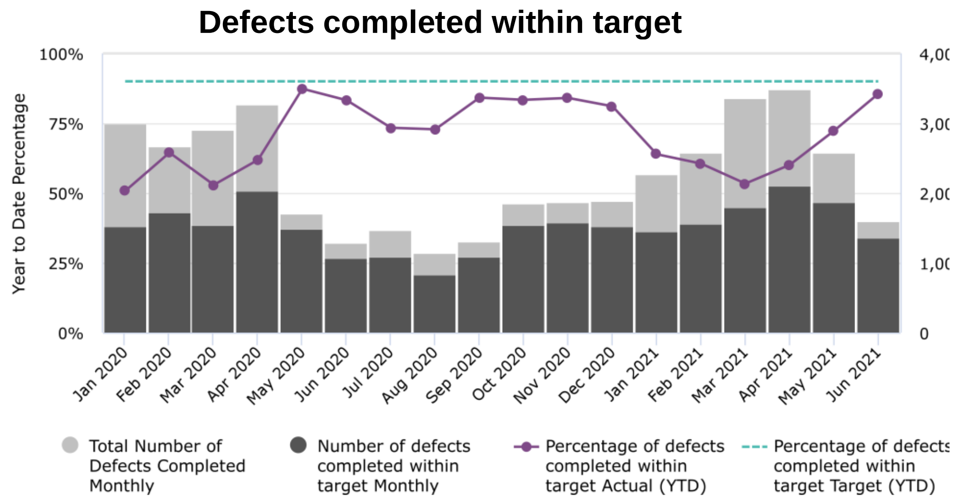
30 JUN 21

2019-2020	52.9%
2020-2021	53.4%
2021-2022	**85.6%**
Target	90.0%
Performance	

Opened the Woodville-Swadlincote Regeneration Route, the Ashbourne Airfield Link Road and Hollis Lane Link Road Phase 1 in Chesterfield to improve road access

Rating: Good **Expected completion date: 31 Mar 2022**

Woodville-Swadlincote Regeneration Route and Ashbourne Airfield Link Road are both under construction and due for completion/opening to traffic in Quarter 3 2021-22. The first phase of the Ashbourne Airfield Link Road, a new roundabout on the A52, was completed in Quarter 1 2021-22. The first element of the Hollis Lane Link Road, a replacement pedestrian ramp and steps, was completed in Quarter 1 2021-22; remaining highway construction is programmed to begin in Quarter 1 2022-23 following land assembly.



Prepared a countywide response to the Integrated Rail Plan in relation to HS2, minimising any potential disruption and taking full advantage of the economic growth opportunities linked to the proposals

Rating: Review **Expected completion date: 30 Sep 2021**

The Integrated Rail Plan is yet to be published. This is now not expected to be released until September 2021. In the meantime lobbying by the HS2 East group continues with stakeholders to support the completion of the project including the eastern leg. The alternative proposal study was completed in June 2021 and proposed that if the whole project is not completed HS2 services should use Erewash Valley and Barrowhill lines to provide services in Derbyshire.

Completed the viability assessment to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area

Rating: Good **Expected completion date: 31 Dec 2021**

An updated value for money assessment of the scheme was carried out in Quarter 1. This enables discussion with external funders over the grant request to be included in the Outline Business Case.

Appendix 3

Reduced carbon emissions from Council property and vehicles, street lighting and procurement

Rating: Good **Expected completion date: 31 Mar 2032**

55.3%

Reduction in CO_2e from 2009-10 baseline

31 MAR 20

2019-2020	55.3%
Target 21-22	63.0%

Emissions data is not yet available for Quarter 1 of 2021-22 and data for energy use in property and core fleet for 2020-21 will not be available until the autumn.

However, some data is available for 2020-21. Greenhouse gas emissions from streetlighting were 3,667 tonnes CO_2e. This is a reduction of 80% from the baseline year of 2009-10. 1,002 tonnes CO_2e were emitted from the Council's grey fleet – a reduction of 78%. This reflects the impact of Covid restrictions on staff travel and new targets have been set to reflect this extremely encouraging reduction and the future opportunities from changed ways of working. However, caution should be attached to this as staff travel has been severely affected by the Covid pandemic and there may be some late travel claims.

As part of the development of the Climate Change Strategy the reduction in emissions target for 2021-22 has been increased to 63% of the 2009-10 baseline.

Reduced the level of flood risk to the residents and businesses of Derbyshire through our planning role, the delivery of flood mitigation schemes and working with communities to develop flood resilience measures

Rating: Good **Expected completion date: 31 Mar 2022**

The Flood Risk team continues to respond to significant numbers of Planning Consultations and Flooding enquiries. The Lower Hartshay Flood Risk mitigation scheme was completed, affording an enhanced level of protection from flooding to 10 properties. The initial feasibility work for the Eyam/Stoney Middleton and Rosliston Natural Flood Risk Management schemes has been completed.

The Flood Risk Team has also managed the Property Flood Resilience Grant Scheme, and with the Property Surveys now complete (92 in total), residents and business can start to install the required flood resilience measures over the coming months.

Developed and commenced implementation of a Climate Change Strategy and Action Plan which sets out priorities to reduce the county's carbon emissions

Rating: Good **Expected completion date: 31 Oct 2021**

The Council is finalising the Climate Change Strategy and Action Plan setting out the Council's priorities and next steps to tackle climate change. Consultants are being appointed to develop a Natural Capital Strategy for the county which complements this work. Funding is being sought to produce a renewable energy study to support the revision of district and borough local plans.

Appendix 3

Developed and agreed the Council's approach to Good Growth to maximise low carbon economic opportunities

Rating: Good **Expected completion date: 31 Mar 2022**

£2m Green Entrepreneur Fund to support the development of low carbon businesses was launched in March 2021. The fund is now operational.

Developed the Natural Capital Strategy, identifying areas where the natural environment can be further enhanced in order to support healthy thriving communities, a vibrant economy and a healthy environment

Rating: Good **Expected completion date: 30 Apr 2022**

We have tendered for the strategy with 15 good responses. The tenders are to be shortlisted and a consultant will be appointed at the end of July 2021. The work will be delivered over a 9 month period, due to commence in September 2021.

Explored initiatives to tackle climate change including low carbon local energy generation and working with partners to provide further publicly accessible electric vehicle charge points

Rating: Good **Expected completion date: 31 Mar 2022**

A soft market test exercise is being prepared to determine demand for electric vehicles over the next 5 years. This exercise will also determine where infrastructure needs to be located to help meet this demand. A procurement exercise will follow, likely by Quarter 3. Also 5 local district and borough councils (Amber Valley; Bolsover; Chesterfield; South Derbyshire and Derbyshire Dales) have submitted locations for assessment to determine suitability for further grant funding from the Office for Zero Emission Vehicles (OZEV). The outcome of these assessments and the subsequent applications to OZEV is likely to be known by Quarter 4.

Developed and delivered a strategic approach to sustainable travel and transport across the county, including the promotion of cycling and walking

Rating: Good **Expected completion date: 31 Mar 2022**

Public consultation on the new east to west cycle route across Chesterfield, as part of Emergency Active Travel Tranche 2 funding, is now complete and a report to Cabinet with results and recommendations is due at the end of July 2021. The Active Travel Fund Tranche 3 process is now underway with a sifting exercise now complete and 7 potential schemes put forward for consideration. An application is due to be made to the Department for Transport on 9 August 2021. Confirmation is also awaited from the Department for Transport regarding Derbyshire's allocation of revenue from the Capability Fund. This will help fund a series of feasibility studies targeting cycling and walking initiatives across the county. Confirmation is expected during July 2021. A feasibility study on Transport Mobility Hubs, centred on both Buxton and the Hope Valley, has been undertaken following grant support through Midlands Connect.

Hubs will enable transport interchanges ensuring people can access various means of co-ordinated transport including trains, buses, and electronic bikes.

Implemented year 1 of the Covid-19 Economic Recovery Strategy Action Plan including rolling out a new £1m Business Start-up programme to support business growth and a £2m Green Entrepreneurs scheme to support innovation in low carbon technologies

Rating: Strong **Expected completion date: 31 Mar 2022**

The Green Entrepreuneur fund is now active and small grant and demonstrator fund applications are being processed. The Scholarship fund will be launched in July 2021. Through Vision Derbyshire 3 business advisers have commenced work in July 2021, with further posts to be advertised shortly for an additional 2 advisers. The Growth hub project is to be extended to June 2023, providing an extra 18 months business advice and support. Business support is a key theme within the Community Renewal Fund; this is a government scheme which the Council manages for Derbyshire. Projects have been shortlisted for business support projects which cover High Peak and Derbyshire Dales (2 government priority areas). Government is expected to confirm the funding for these projects in July 2021.

Implemented year 1 of the Covid-19 Employment and Skills Recovery Action Plan including delivery and expansion of a careers hub and development and implementation of a youth hub

Rating: Good **Expected completion date: 31 Mar 2022**

Good progress continues to be made in delivering the Council's Employment and Skills Recovery Action Plan. The expansion of the My Future's Platform and Careers hubs are being launched officially from September, but some elements are currently live. The platform is being extended to include primary school. Vision Derbyshire has agreed to fund a Festival of Business to be held in the Autumn. The quarter was dominated by the delivery of a bidding round for Community Renewal Fund, which resulted in a bid to Government for £6 million to support recovery. The outcome from this is due in the Summer.

Developed and secured funding to implement Wi-Fi infrastructure in 27 town centres to better understand how town centres are being used, to help shape future economic renewal programmes

Rating: Good **Expected completion date: 31 Mar 2022**

The Community Renewal Fund within the market town programme strand will enable Wifi in 6 town centres. This is a key strand of activity (subject to government approval of funding)

Implemented the gigabit top up voucher scheme and increased take-up of fibre enabled broadband across Derbyshire, particularly in rural areas, to improve access, speed and reliability for homes and businesses

Rating: Review **Expected completion date: 31 Dec 2021**

Openreach have commenced work to deliver Full Fibre connectivity to an additional 300 premises under contract 2. The change request to support this additional work is still going through the Department of Digital, Culture, Media and Sport (DCMS) assurance process. It is anticipated that this work will be completed be the end of Quarter 2. We will then enter into the contract closure process for the Superfast Programme. DCMS experienced delays with the launch of the new Gigabit Voucher scheme and there has been a period of three months where suppliers were unable to register new voucher applications for community fibre projects in Derbyshire. We are advised that registration will commence 12 July 2021. As a result of this delay there is no Top Up Voucher activity to report for Quarter 1.

Provided support and advice to local businesses as the UK leaves the European Union, helping them to maximise new opportunities and ensure compliance with relevant legislation

Rating: Good **Expected completion date: 31 Mar 2022**

Bespoke support has been provided directly to Derbyshire businesses, via one-to-one advice, where particular legislative issues have been identified. In addition the service has introduced amended documentation that provides signposting information for clients. This has included targeted mailings to sectors potentially affected by changes to legislation as a result of the European Union Exit, reaching over 300 businesses.

Attracted more businesses to relocate to Derbyshire or expand through delivery of the “Invest in Derbyshire” plan

Rating: Good **Expected completion date: 30 Sep 2022**

An investment prospectus for the county is under development. A 300,000 sq ft Lidl bottling plant, creating 160 jobs at Dove Valley park has been confirmed. The programme is achieving over 85% of spend and outputs against the investment target. A request has been made to Ministry of Housing, Communities and Local Government to extend the programme. A review board chaired by Councillor King is to be established to review international and inward investment strategies.

Worked with partners to develop a county wide approach to improve social mobility, targeting underperforming areas across the county

Rating: Good **Expected completion date: 31 Mar 2022**

Work is currently being undertaken to investigate existing models of partnership approaches from across the country to address social mobility along with developing a better understanding of the issues affecting underperforming areas across the county. Social mobility is a key priority for the Vision Derbyshire Achieve Relentless Ambition theme and will form part of the new delivery programme that is being developed for Phase 4 of the approach.

Worked with schools and other education providers to implement new strategies and support, to enable children and young people to achieve their educational potential and begin to catch up on learning they have missed due to Covid-19 restrictions

Rating: Good **Expected completion date: 30 Jun 2022**

The government has funded children and young people across England to be offered up to 100 million hours of free tuition to help them catch up on learning lost during the pandemic. This includes 15-hour tutoring courses for disadvantaged school children delivered on a one-to-one or small group basis targeting key subjects such as Maths and English. Take up of the offer through the national providers has been low in Derbyshire as well as across the country. In order to rectify this, from September, schools will be able to provide additional tutoring support using locally employed tutors including their own staff. As part of the wider recovery package to support children with their mental health and wellbeing and to catch up on missed face-to-face learning, £200m of funding is available for secondary schools to deliver face-to-face summer schools this year. Almost all Derbyshire Local Authority maintained secondary schools have signed up to deliver the programme.

The GCSE target of 65.9% represents the figure required to remain in the upper-middle national quartile and will be adjusted to reflect the 2021 national results and any adjustments to the exams.

The percentage of 17-18 year olds in employment, education and training has a significant seasonal variation due to school leaving however the May figure of 95.7 % is just below the year end target of 96% and higher than the same period in the previous two years.

72.2%

Pupils achieving a standard pass in English and Maths at GCSE

31 AUG 20

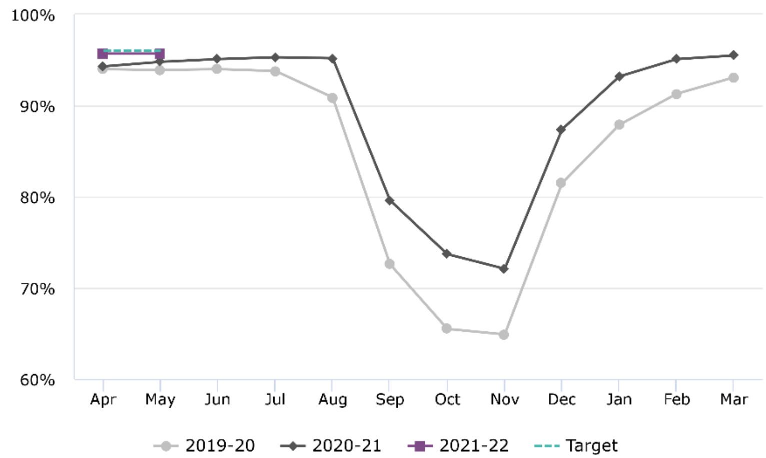
2019-2020	65.4%
2020-2021	72.2%
2021-2022	Due in Q2
Target 21-22	65.9%
National Benchmark	65.9%

95.7%

16-17 year olds in education, employment or training

31 MAY 21

2019-2020	93.1%
2020-2021	95.5%
2021-2022	**95.7%**
Target	96.0%
Performance	✔



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Worked with Derbyshire businesses to support the creation of apprenticeship opportunities in key economic sectors, connecting people to local job opportunities

Rating: Good **Expected completion date: 31 Mar 2022**

To date via the transfer of Apprenticeship levy we have supported 130 apprentices from 78 different employers across Derbyshire. The total value of funds committed to support this is £960,501.

Overarching Measures

The three overarching measures provide an overview of the performance of the Council using the snapshot taken during Quarter 3 2020-21, via the Council's annual residents survey.

The 2020-21 survey received over 2,000 responses and showed that 53.4% of respondents were satisfied with the Council, 50.5% felt informed about Council decisions and 38.9% agreed that the Council provides value for money. Targets for 2021-22 have been set based on the previous performance trends and where comparable the figure from the Local Government Association national survey. The Council's targets for 2021-22 are 58% for satisfaction, 52% for people feeling informed about Council decisions and 43% for value for money.

Work continued to take place across the Council, as detailed in this report, to support the achievement of these targets, with key areas being the further development of a resident first approach and the review and transformation of services to improve outcomes and value for money.

53.4%

Residents who are satisfied with the Council

31 DEC 20

2019-2020	48.1%
2020-2021	53.4%
Target 20-21	49.0%
Performance	
2021-2022	Due in Q3
Target 21-22	58.0%
National Benchmark	68.0%

50.5%

Residents informed about Council decisions

31 DEC 20

2019-2020	40.8%
2020-2021	50.5%
Target 20-21	43.0%
Performance	
2021-2022	Due in Q3
Target 21-22	52.0%

38.9%

Residents agree Council gives value for money

31 DEC 20

2019-2020	34.0%
2020-2021	38.9%
Target 20-21	40.0%
Performance	
2021-2022	Due in Q3
Target 21-22	43.0%
National Benchmark	53.0%

Appendix 3

Notes

This report outlines progress on deliverables and key measures as outlined in the Council Plan 2021-25. The following table lists the deliverables and measures not included in this report, or where changes have been made:

Deliverables	Reporting
Developed our understanding of the resident experience when interacting with the Council, using that insight to improve our approach	This deliverable is expected to start on 1 July 2021, therefore reporting on progress will be included in the Quarter 2 report.
Delivered Phase 3 of Vision Derbyshire including activity on business support, climate change, homelessness, independent living and skills and employment priorities, creating new arrangements to speed up joint decision making with partners	This deliverable is expected to start on 1 October 2021, therefore reporting on progress will be included in the Quarter 3 report.
Implemented new national performance measures for Adult Social Care to benchmark across the sector to improve outcomes for local people and drive value for money	The start date for this deliverable is dependent on the outcome of a national review

Measures	Reporting
Measure on local COVID-19 testing and contract tracing activity	A national performance measure has not been identified, however information on the volume of testing and contract tracing activity supported by the Council is included in this report
Number of services available online via the Council's Customer Relationship Management System	Performance against this measure will be reported once implementation of the Council's Customer Relationship Management system has commenced

Appendix 3

Measures	Reporting
Proportion of children's social care audit judgements (including children in care and care leavers) graded good or better	This measure has changed to "Percentage of children's social care reflective case review judgements (including children in care and care leavers) rated as "Good" or "Outstanding""
Number of children returning home after a period of being in care	This measure has changed to "Percentage of children returning home after a period of being in care"

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 is brought 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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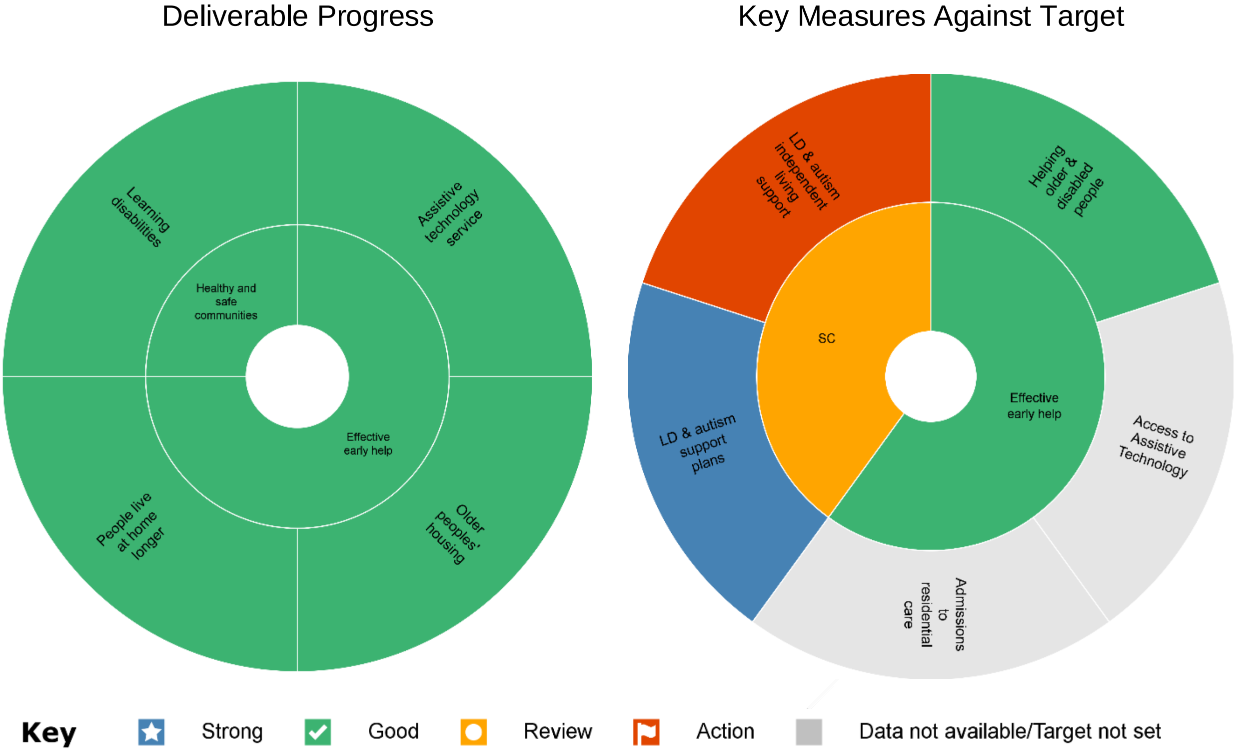
Appendix 4

Adult Care - Portfolio Summary



The progress of the relevant Council Plan deliverables has been reviewed and four have been rated as "good" and one as "review".

Key areas of success are:

- The central hub of practitioners is successfully working alongside people with a learning disability and/or who are autistic to ensure an outcome focused support plan is in place and a number of people have chosen to access support in the community.
- The Short Term Reablement Service is meeting the target to support more people to access the service ensuring more people can gain back their independence following a crisis or discharge from hospital.

Key areas for consideration are:

- The number of people with a learning disability and/or who are autistic being supported to move to a more independent setting is behind target. The national lockdowns due to the Covid-19 pandemic have impacted and plans are now in place, given national easements, to ensure further people move to a more independent setting.
- Work is underway to establish performance targets for Assistive Technology and support for older people and disabled people to remain living within their own homes.

Appendix 4

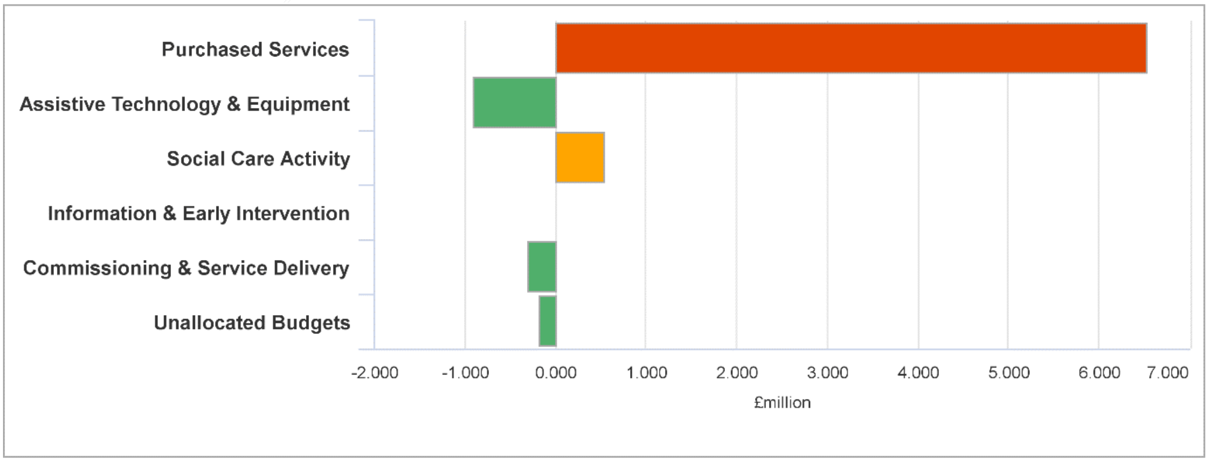
There is a forecast overspend of £1.038m on the portfolio after the allocation of £4.661m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target Budget

- Purchased Services, £6.533m overspend – due to additional costs relating to the hospital discharge services as a result of the Covid-19 pandemic. It also relates to the number of new care packages required to be provided to assessed individuals and the high level of voids (low occupancy) being carried within the Council's in-house service provision. The Better Lives Project is currently working on a number of areas that directly relate to the level of spend on Purchased Services with reductions expected in this area over the coming years.

- Assistive Technology and Equipment, £0.901m underspend – relates to the Integrated Community Equipment Service (ICES) contract.
- Social Care Activity, £0.542m overspend – due to increased spend on Agency staff and independent persons.
- Commissioning and Service Delivery, £0.310m underspend – due to a reduction in expenditure on apprenticeships.

Forecast Under (-)/Over Spend by Service Line



One-off funding of £1.500m, identified in the 2021-22 Revenue Budget Report to fund the development of an Assistive Technology Service, has been transferred from the Adult Care portfolio to the Risk Management budget. The amount was no longer required after Adult Care transferred this amount from its 2020-21 underspend to an earmarked reserve to fund this initiative.

Ongoing funding of £0.585 relating to Transition Funding approved in the Council's 2020-21 Revenue Budget allocation for Demographic Growth has been transferred from the Adult Care portfolio to the Risk Management budget. This amount had not been utilised as at 31 March 2021.

The budget savings target for 2021-22 is £7.441m, with a further £1.894m target brought forward from previous years. Of this total target of £9.335m, £5.122m is expected to be achieved by the end of the financial year. Therefore, there is currently a £4.213m forecast shortfall in achievement of budget savings. However, this shortfall is underpinned by an allocation of £4.257m of one-off funding to provide flexibility to achieve the target in 2022-23.

Additional funding has been provided in the 2021-22 budget for the main growth items:

- Budget Support - £4.257m (one-off), provided to the Adult Social Care and Health department to provide flexibility to plan to achieve the 2021-22 savings target in later years.
- Demographic Growth - £2.794m, to meet additional costs from increases in the 65+ population, the number of disabled adults accessing services, cases of early onset of dementia, the complexity of need and the complexity of clients transitioning from Children's Services.
- Independent Living Fund (ILF) - £2.534m (one-off), support pending receipt of any further information on whether the Government will continue to provide funding in 2021-22 to support clients previously supported through the ILF.
- Assistive Technology - £1.500m (one-off), to pump prime the development of a county wide Assistive Technology service.

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

- Social Care Contingency - £1.000m, from the Social Care Contingency provided in the 2021-22 budget, to support the increase in the cost of Purchased Services including transition cases and independent sector care fees.

Appendix 5

Clean Growth and Regeneration - Portfolio Summary

Deliverable Progress

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.

Key areas of success are:

- An updated value for money assessment of the Chesterfield to Staveley Regeneration Route has been carried out that will create new homes and jobs for the area.
- Greenhouse gas emissions from streetlighting have reduced by 80% from the baseline year of 2009-10.
- CO2 emissions from the Council's grey fleet has seen a reduction of 78%, reflecting the impact of Covid-19 restrictions on staff travel.
- Bespoke Brexit support has reached over 300 businesses either through direct support or signposting information.
- To date via the transfer of Apprenticeship levy we have supported 130 apprentices from 78 different employers across Derbyshire.

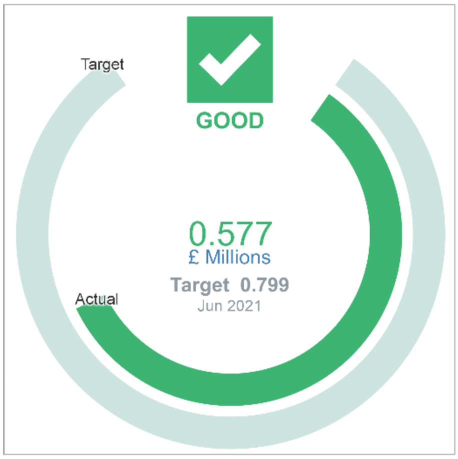
Key areas for consideration are:

- Business support projects which cover High Peak and Derbyshire Dales (2 government priority areas) are awaiting government approval through the Community Renewal Fund.

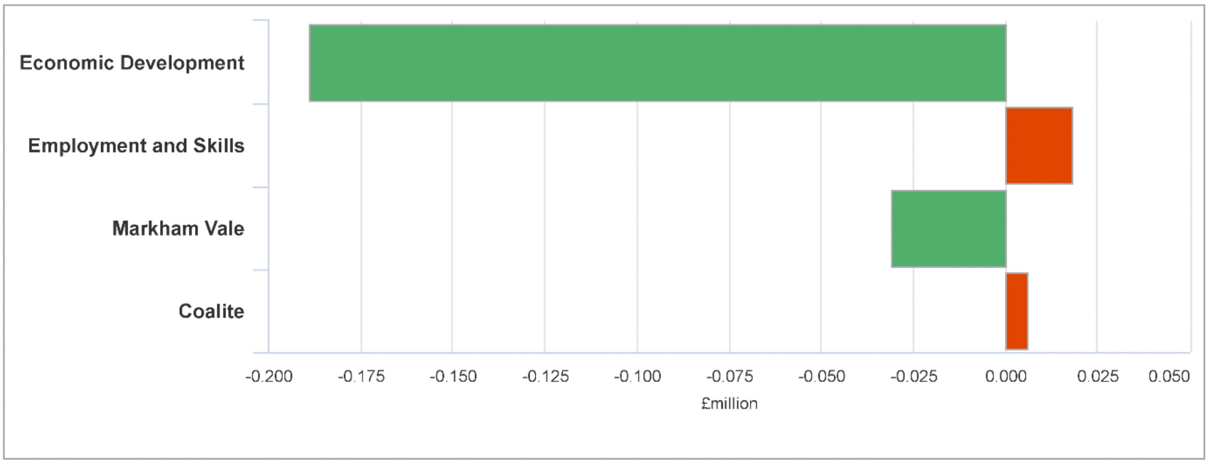
There is a forecast underspend of £0.222m on the portfolio after the allocation of £0.026m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

- ✅ Economic Development, £0.189m underspend – due to the deferral of many planned projects and activities as a result of the Covid-19 pandemic.

Forecast Outturn against Target Budget



Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2021-22 is £0.330m. All of this target is expected to be achieved by the end of the financial year.

Additional funding has been provided in the 2021-22 budget for the main growth items:

- Regeneration Kick-Start - £2.000m (one-off), preliminary design and feasibility to allow external grant funding to be sought for capital projects that can bring forward good growth for Derbyshire: providing housing, jobs and skills.

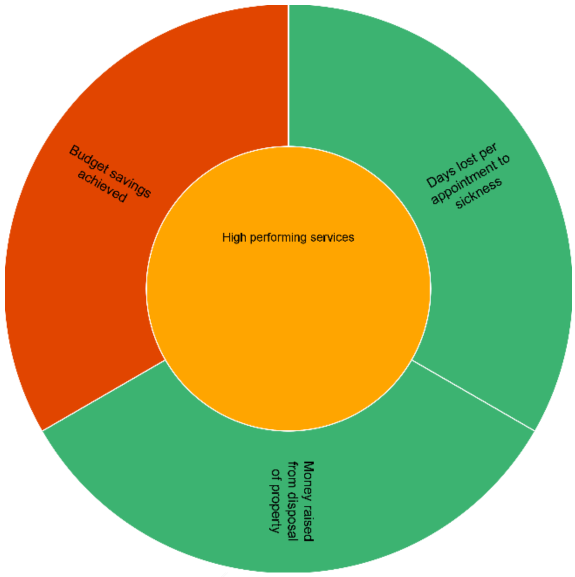
- HS2 - £0.250m (one-off), to support the Council's project delivery team and relevant specialist support to increase its activity during the parliamentary bill process, which will establish how the line will be built, the designs of key elements of infrastructure as well as other measures which HS2 will need to include in the final project.
- Employment and Skills £0.070m - Employment and Skills have been highlighted as a critical part of the Covid-19 recovery for Derbyshire. Additional funding is required to deliver on these priorities.

Appendix 6

Corporate Services and Budget - Portfolio Summary

Deliverable Progress

Key Measures Against Target



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

Progress is "Good" or "Strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

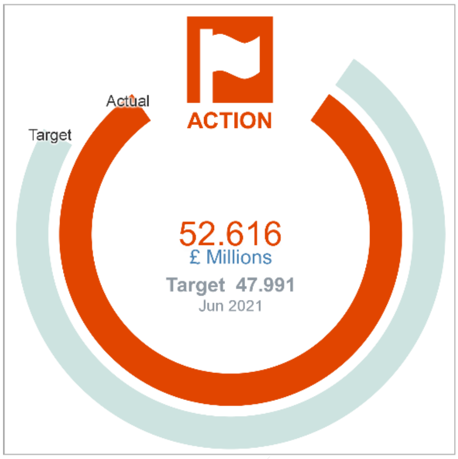
- Reviews of Human Resources and Finance functions are on track and will deliver expected savings.
- The number of days lost to sickness is within the lower target established for 2021-22 and a new measure to show the percentage of hours lost has been established.
- The terms of reference for the Value for Money Board are being widened to consider areas beyond just procurement.

Key areas for consideration are:

- Quarter 1 figures for the overall Council budget savings are £16.282m below target.

There is a forecast overspend of £4.625m on the portfolio after the allocation of £0.480m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target

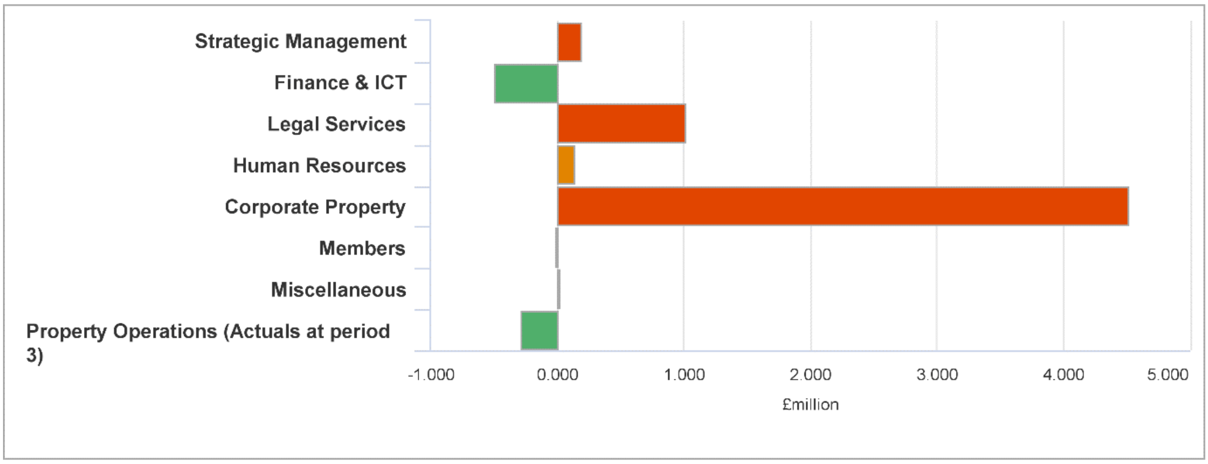


Budget

- Corporate Property, £4.519m overspend – mainly due to £2.419m of savings targets which are not expected to be achieved this year on top of a budget that was already insufficient to cover current costs by £1.000m. Industrial Development is £0.459m overspent as units cannot achieve 100% occupancy and some rents are offered at below market rates for occupying charities or rent-free periods in exchange for tenants undertaking essential repair and maintenance work. There is a £0.269m overspend on County Buildings due to the running costs of buildings that are awaiting disposal, such as South Normanton Hub.
- Legal Services, £1.014m overspend - due to a delay in the implementation of the “Core/Core-Plus” offer. Under the offer, core legal functions are funded corporately, with all other legal activities funded by alternative means. It is anticipated that the new operating model will be implemented in September 2021. Other contributing factors include salary overspends relating to the Childcare and Environmental/Commercial teams, agency payments, one-off payment of allowances, and a savings target in Democratic Services which has yet to be identified.
- Finance and ICT, £0.492m underspend - due to vacancies arising from phase 2 of a planned restructure of the ICT function, aiming to deliver significant savings over the three years from 2020-21.
- Human Resources, £0.132m overspend – due to lost training income as a result of the Covid-19 pandemic.

Appendix 6

Forecast Actual Under (-)/Over Spend by Service Line



The budget savings target for 2021-22 is £2.197m, with a further £3.363m target brought forward from previous years. Of this total target of £5.560m, £1.163m is expected to be achieved by the end of the financial year. Therefore, there is currently a £4.397m forecast shortfall in achievement of budget savings. However, this shortfall is partially underpinned by an allocation of £0.390m of one-off funding to provide flexibility to achieve some of the target in 2022-23.

Additional funding has been provided in the 2021-22 budget for the main growth items:

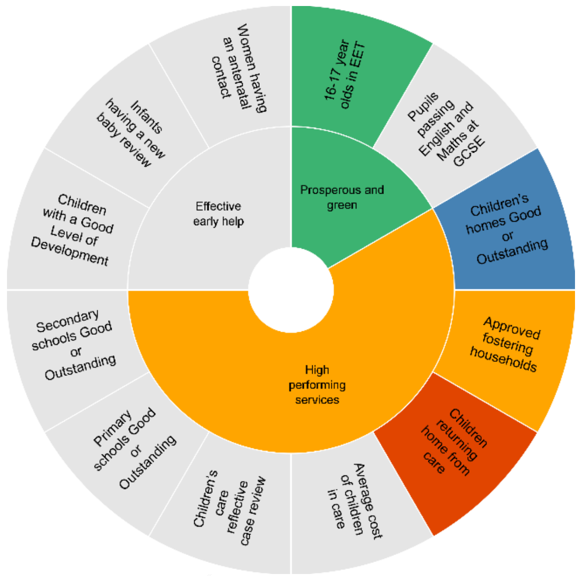
- ICT Telephony - £0.433m, to implement a soft telephony solution with the flexibility required to meet the needs for agile and remote working.
- Legal Services - £0.300m (one-off), to support with sustained increase in demand for all services, especially for childcare legal advice and representation.
- Budget Support - £0.390m (one-off) provided to the Commissioning, Communities and Policy department to provide flexibility to plan to achieve the 2021-22 savings target in later years.
- ICT Strategy - £0.200m, to enhance the ICT Service offering to embed remote working to support an agile and flexible workforce.
- Digitisation of Employment Records - £0.100m (one-off), to save employment records in a digital format. This will reduce off-site storage costs and reduce the ongoing cost of maintaining and accessing records.
- ICT Customer Service Platform - £0.075m, investment in a new customer service system to support the ICT Service Desk and self-service offering.

Appendix 7

Children’s Services and Safeguarding - 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:

- The availability of high quality children’s homes – following the re-starting of the inspection regime for children’s homes, all ten of Derbyshire's children's homes which have been inspected are now rated good or outstanding. Two additional homes are awaiting their first inspection.
- Pause Project – aimed at supporting the needs of women who have had multiple children removed with the aim of preventing this cycle recurring. This programme is now delivering clear, measurable impact for the women involved across multiple areas of their life. The referral process for the second cohort of women has progressed and the project remains on track. .
- Consistent, high quality early help and safeguarding services for children and families - we continue to see positive impact from the changes we have implemented across early help and safeguarding services with improving practice consistency and solid performance across a range of performance measures. We have changed the way we audit and grade our social care cases this year with the introduction of reflective case reviews. These will provide the measure for demonstrating improving consistency going forward.

Key areas for consideration are:

- Implement recommendations to reduce demand, improve outcomes and reduce expenditure across Children's Services – Good progress is being made during the design phase with the implementation phase on target to start in September 2021. Following implementation, this work will help us to address the challenges we face in identifying sufficient, local, high quality placements for children in care. Two indicators identified as a reflection of this impact include increasing the proportion of children returning home to live with parents, where this is safe and appropriate, and reducing the average cost of children in care placements.

The portfolio has a forecast overspend of £5.768m after the allocation of £4.850m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme.

The forecast outturn position includes £1.112m of Dedicated Schools Grant income, as a contribution to the cost of supporting Early Help services and children with additional needs. Income from this source is not guaranteed to continue at the same level in future years.

Forecast Outturn against Target Budget

Before the allocation of the Covid-19 grant funding detailed above, the main variances are:

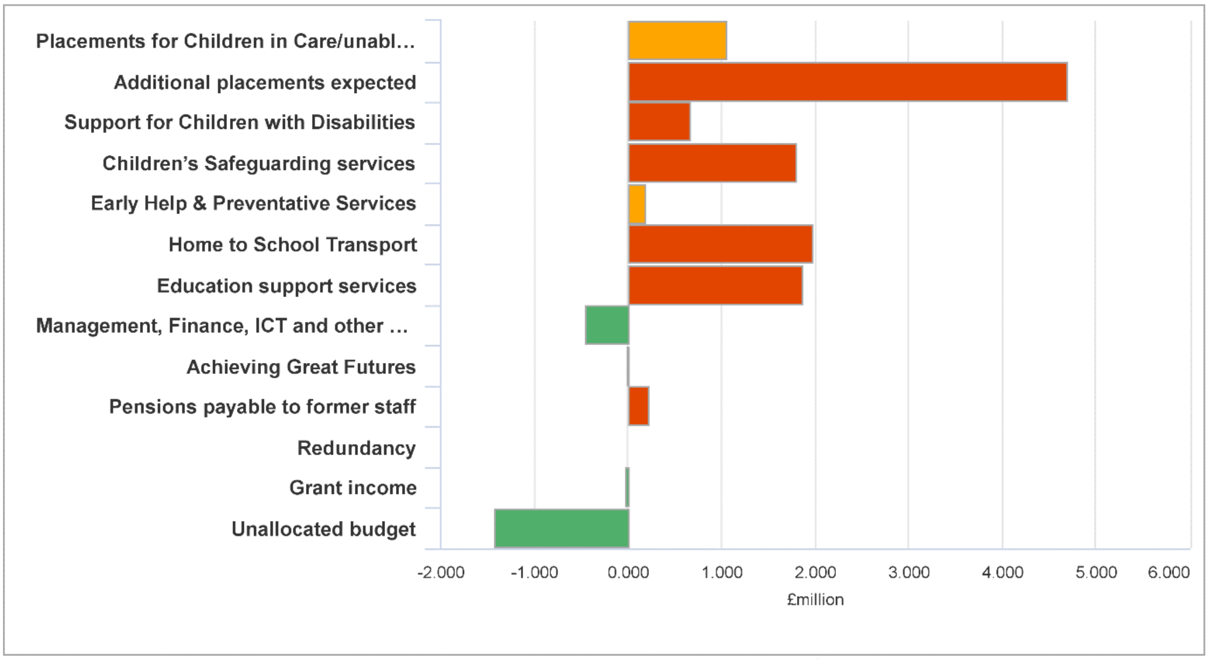
- Placements for Children in Care (or unable to remain at home), £5.761m overspend – there are currently more placements required than can be funded from the allocated budget. The needs of individual children and the availability of placements has also meant that there are an increased number of children placed in both more expensive fostering arrangements and more expensive residential provision. The 2020 Childrens Social Care Forecast Assessment Programme from Grant Thornton (GT) estimated that placements expenditure would exceed allocated budget by between £7m and £16m in 2021-22. GT predicted rising cost and demand pressures continuing over the next two financial years. Like many other councils across England, there has been a higher rate of increase in placements following Covid-19 lockdown periods; it is estimated that an additional £1.6m of costs are related to the pandemic.
- Home to School Transport, £1.965m overspend – an increase in the number of journeys and the average cost per journey being provided,

mostly in respect of children with special educational needs (SEN). Additional specialised vehicles are required to transport individual children and economic factors are affecting contractors.

- Education Support Services, £1.869m overspend – the ability of the Sport and Outdoor Education service (SORE) to undertake commercial income generation activities has been severely limited by the Covid-19 pandemic. Income losses from April to June 2021 will be included in a claim for funding under the Sales, Fees and Charges compensation scheme.
- Children's Safeguarding Services, £1.803m overspend – demand pressures from greater numbers of children in care and children in need; including children in care support expenditure, support for families in need to avoid care admissions and legal services costs. Also, the increased cost of employing agency social workers to cover vacancies and the market supplement for front line social workers.
- Unallocated Budget, £1.411m underspend – amounts which have not yet been allocated to services. These comprise in-year grant funding, of which the largest unallocated item is £1.112m from the Dedicated Schools Grant. The continuation of these funding streams beyond 31 March 2022 have not been confirmed.
- Management, ICT, Business services and other support services, £0.411m underspend – temporary vacancies within Business Services.
- Pensions Payable to Former Teachers and Other Staff, £0.232m overspend – enhanced pension obligations payable to staff who left under efficiency programmes during the early 1990s. Whilst the number of pensions being paid reduces each year, this is outweighed by the annual increase to those pensions still in payment.

Appendix 7

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2021-22 is £0.085m, with a further £1.965m target brought forward from previous years. Of this total target of £2.050m, £0.411m is expected to be achieved by the end of the financial year. Therefore, there is currently a £1.639m forecast shortfall in achievement of budget savings.

Additional funding has been provided in the 2021-22 budget for the main growth items:

- Placement Demand Pressures - £5.400m, to support the increase in the demand for placements and the increasing complexity of children and young peoples' needs. This is consistent with increases in demand experienced nationally.
- Social Worker Recruitment - £1.300m, as part of a four-year recruitment plan, agreed in 2018-19, to increase the number of social workers to ensure caseloads are at a healthy working level consistent with an individual worker's experience.
- Children in Care Legal Proceedings - £0.950m (one-off), reflecting the greater number of court proceedings and the increased use of external legal firms to present cases.
- Home to School Transport (Mainstream) - £0.680m, to cover the increased costs in the sector of fuel, salaries and compliance requirements.
- Home to School Transport (SEN) - £0.620m, to support the increased cost of transporting children and young people to school, pupil resource units or alternative provision when they have been excluded from mainstream schools. The additional cost of service provision is driven

by greater numbers of children and young people with special educational needs an increased cost of journeys.

- Care Leavers - £0.510m (one-off), to meet the cost of additional statutory duties towards care leavers.
- Sports and Outdoor Education (SORE) - £0.362m (one-off), to support the service during 2021-22 pending a review of the needs of the service moving forwards.
- Programme Teams - £0.333m (one-off), to continue dedicated project resource to effect change and deliver one-off initiatives within Children's Services.
- Process Improvement - £0.193m (one-off), to fund a dedicated team to review and improve processes within Children's Services.
- Participation - £0.177m (one-off), to develop a strategic network to replace Derbyshire Youth Council, to increase participation in development of SEND services by children and families in Derbyshire, to increase the participation of care-leavers and to maintain current levels of participation from other children and young people. This allocation covers work proposed for 2021-22 and 2022-23.

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

- Social Care Contingency - £9.000m to support the increase in the demand for placements from the Social Care Contingency provided in the 2021-22 budget
- Achieving Great Futures - £5.685m (one-off) from the general reserve, to fund the Children's Services transformation programme that will run over the 2021-22 and 2022-23 financial years.

Appendix 8

Health and Communities - Portfolio Summary

Deliverable Progress

Key Measures Against Target

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

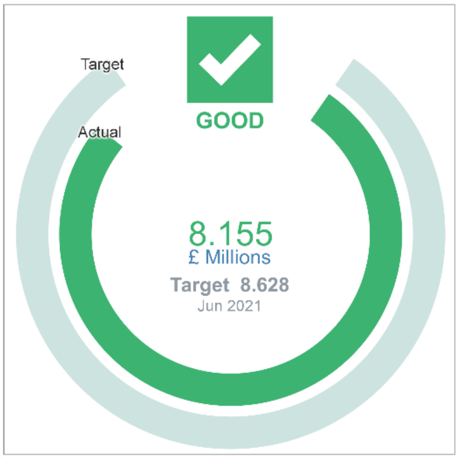
Progress is "good" for the majority of the Council Plan deliverables led by the portfolio.

- For Public Health, the performance against key deliverables is good.
- The Active Derbyshire Network is being expanded through the development of a talking space virtual platform which engage more physical activity partners and target activity with people who are currently inactive to help tackle health inequalities.
- Public Health continues to provide support to those impacted by the pandemic alongside Local Resilience Forum partners. 2,598 local contact tracing calls were completed in Quarter 1 and many of these were locally led rather than being by the national team. Public Health responded to a significant outbreak in Erewash and in High Peak and was part of a multi-agency team that undertook targeted local surge testing in these areas.
- The Community Response Unit is supporting individuals to access vaccinations for Covid-19 by providing practical support, such as access to transport where required. The Community Response Unit is now being embedded into the Public Health strategic approach to health and wellbeing across Derbyshire's communities.
- Despite concerns regarding performance in the previous quarter, both weight management and and stop smoking support are now rated as strong. The service continues to be delivered virtually, but more

people are setting a quit date than in any quarter in 2020-21 and 348 people have achieved a four week quit. Live Life Better Derbyshire continue to encourage primary care to make referrals to weight management services to increase the number of people participating in this programme.

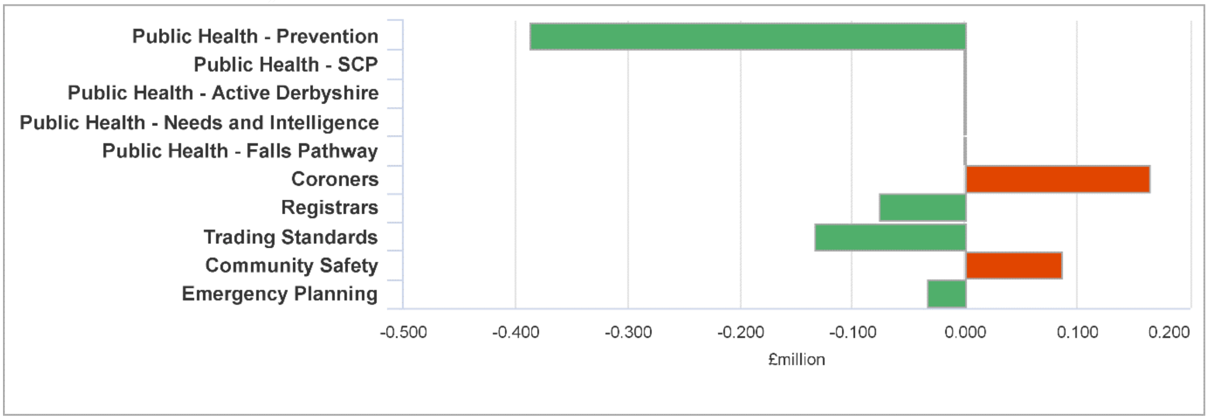
There is a forecast underspend of £0.473m on the portfolio after the allocation of £0.095m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

Forecast Actual Outturn against Target Budget



- Prevention, £0.387m underspend – additional contribution from Public Health Grant towards the Disabled Employment Team, Local Area Co-ordinators, Time Swap and Pensions Credit project.
- Coroners, £0.165m overspend – residual running costs on old premises, a backlog of invoices relating to Pathology fees and an increase in post-mortems and other professional services. There is also a recognition that the basis of apportionment of Coroners' costs between the Council and Derby City Council needs to be renegotiated, which may result in a change in the Council's contribution, and therefore may result in there being a Coroners' underspend for 2021-22. It is expected that this position will be clarified in Quarter 2.
- Trading Standards, £0.133m underspend – due to vacancy control. This will assist in managing a planned restructure of the function.

Forecast Under (-)/Over Spend by Service Line



Appendix 8

The budget savings target for 2021-22 is £0.271m. An over-achievement of budget savings of £0.016m has been brought forward, resulting in total reductions to be achieved of £0.255m at the start of the financial year. Of this target, £0.213m is expected to be achieved by the end of the financial year. Therefore, there is currently a £0.042m forecast shortfall in achievement of budget savings.

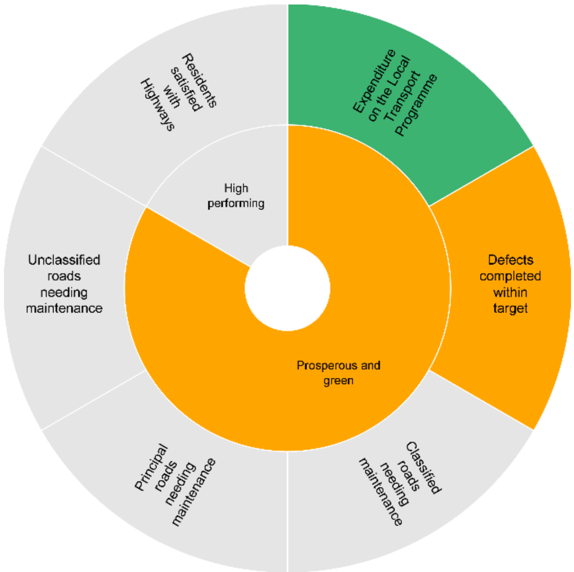
No additional funding has been provided to this portfolio in the 2021-22 budget for growth items.

Appendix 9

Highways Assets and Transport - Portfolio Summary

Deliverable Progress

Key Measures Against Target



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

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

Key areas of success are:

- An updated value for money assessment of the Chesterfield to Staveley Regeneration Route has been carried out, with the project creating new homes and jobs for the area.
- Woodville-Swadlincote Regeneration Route and Ashbourne Airfield Link Road are both under construction and due for completion/opening to traffic in Quarter 3, 2021-22.
- The Property Flood Resilience Grant Scheme has enabled 92 Properties to be surveyed with flood resilience measures now being implemented.

Key areas for consideration are:

- **Local Transport Plan Programme** – during the Quarter 1, Highways works totalling an estimated value of £5m have been undertaken. The exact figure will be confirmed in the Quarter 2 report.

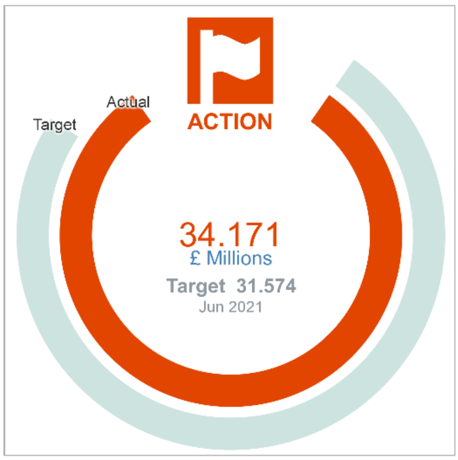
  Contract arrangements are in place to deliver significant resurfacing and surface treatment packages as part of this year's capital programme. Surface treatment works have commenced with approximately £1m delivered during the Quarter with a further £5m programme of works scheduled to be completed during Quarter 2. The delivery of surface treatment and resurfacing programmes in forthcoming months is key to adding resilience to the network and preventing and/or minimising damage through the next winter period.

  Resurfacing is continuing utilising in-house resources and the pace of delivery will increase as extra resources are brought into the county by a national contractor to enable the delivery of the full programme of works by 31 March 2022.

  The additional resources employed dealing with potholes on the network has seen a reduction in the numbers to more managable levels, with a total of 7,618 road defects being repaired during Quarter1. 85.6% of defects were completed within target, bringing performance nearer to the 90% target and a marked improvement on the 53.4% figure for 2020-21.

The portfolio has a forecast overspend of £2.597m after the allocation of £0.899m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

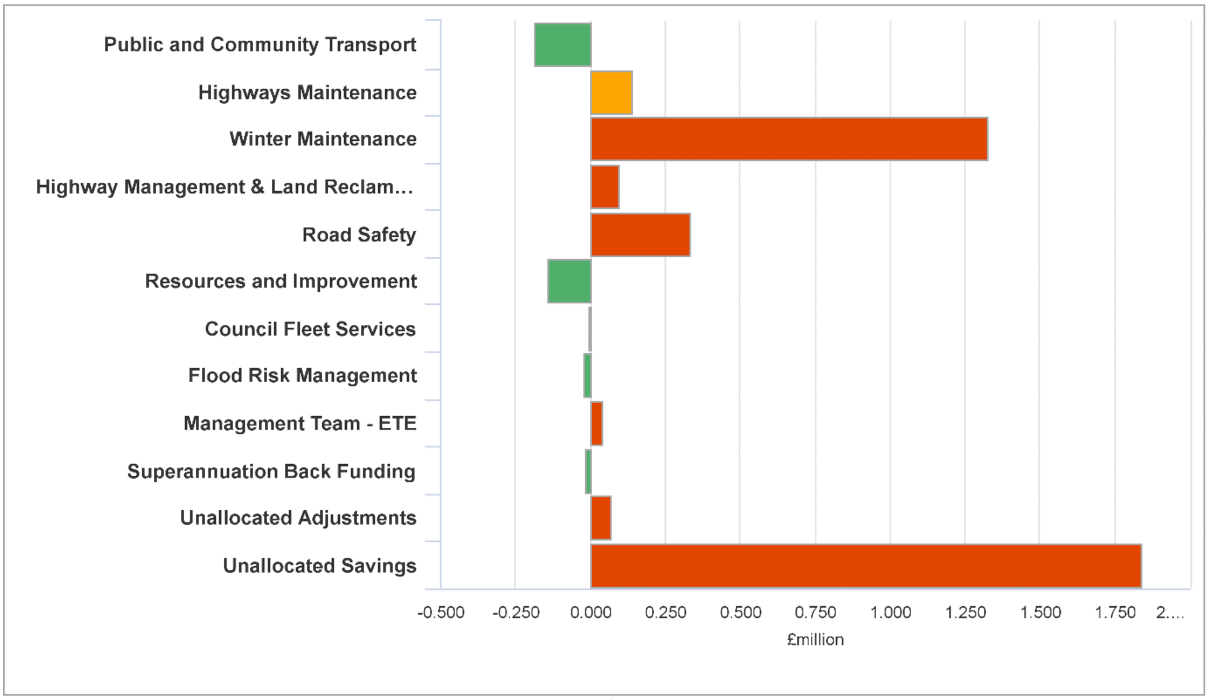
Forecast Outturn against Target Budget



- Unallocated Budget Savings, £1.842m overspend – savings targets not yet allocated to specific services.
- Winter Maintenance, £1.327m overspend – the Council has to build up a large stockpile of grit salt to comply with Department for Transport recommendations, based on an average year, prior to the onset of winter. The vehicles associated with gritting are a high fixed cost overhead, irrespective of the severity of the conditions. The Winter Service budget of £2.173m does not provide for more than a mild winter, so the Council is reliant on using contingency reserves for additional costs incurred as a result of a moderate or severe winter.

Road Safety, £0.334m overspend – implementation of a savings initiative, based on additional income being generated, has been delayed as legislation has yet to be enacted.

Forecast Under (-)/Over Spend by Service Line



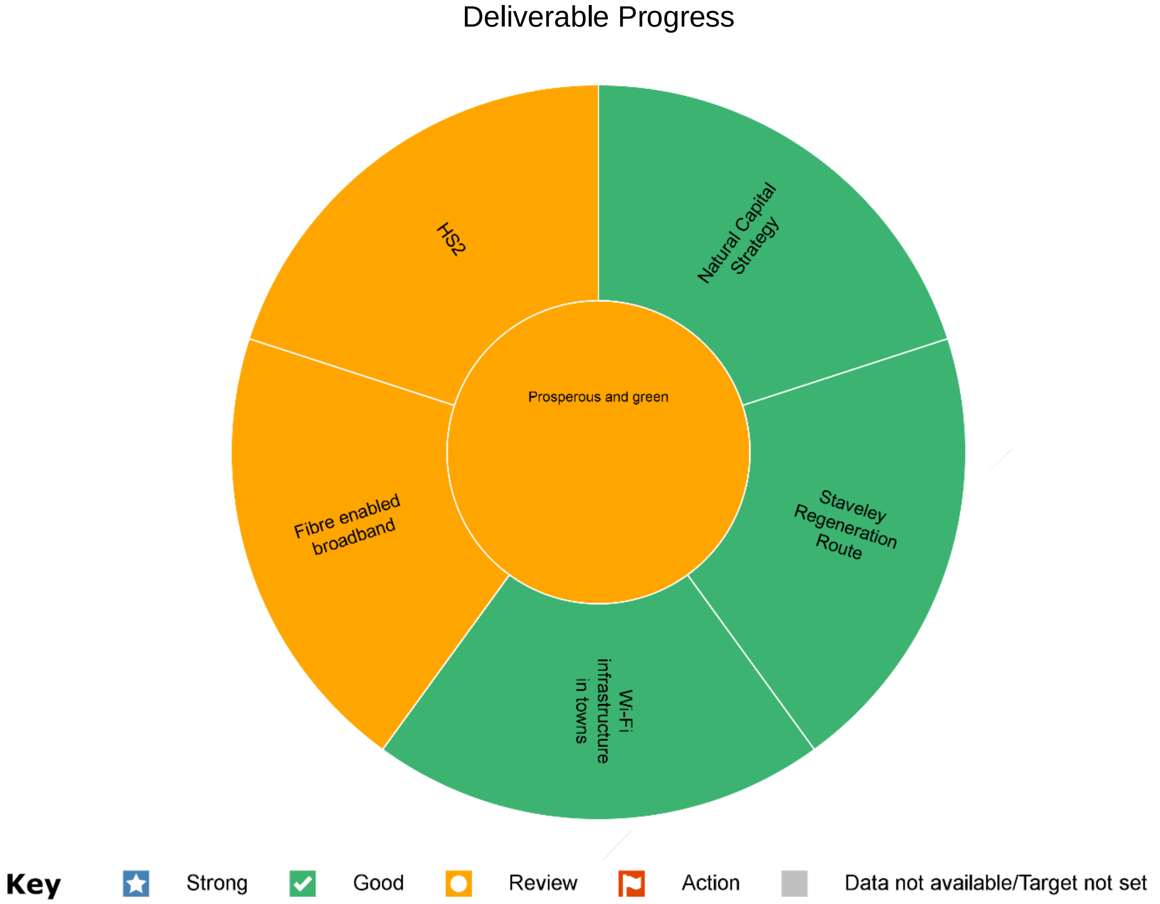
The budget savings target for 2021-22 is £1.239m, with a further £1.842m target brought forward from previous years. Of this total target of £3.081m, £0.175m is expected to be achieved by the end of the financial year. Therefore, there is currently a £2.906m forecast shortfall in achievement of budget savings.

Additional funding has been provided in the 2021-22 budget for the main growth items:

- Winter Maintenance - £0.700m, to realign the winter maintenance budget so it more accurately reflects winter maintenance expenditure required in a mild winter.

Appendix 10

Infrastructure and Environment - Portfolio Summary



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

Key areas of success are:

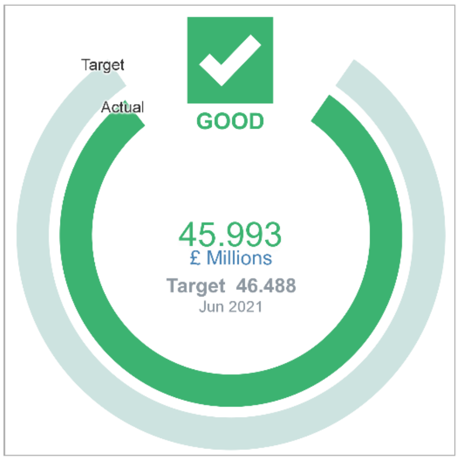
- An updated value for money assessment of the Chesterfield to Staveley Regeneration Route has been carried out, with the project creating new homes and jobs for the area.
- Tender responses have been received for the Natural Capital Strategy with a consultant to be appointed in July 2021.

Key areas for consideration are:

- **Fibre enabled broadband** - Openreach have commenced work to deliver Full Fibre connectivity to an additional 300 premises under contract 2. The change request to support this additional work is still going through the Department of Digital, Culture, Media and Sport (DCMS) assurance process. It is anticipated that this work will be completed be the end of Quarter 2. DCMS experienced delays with the launch of the new Gigabit Voucher scheme and there has been a period of three months where suppliers were unable to register new voucher applications for community fibre projects in Derbyshire. It is expected that registration will commence 12 July 2021, but as a result of this delay there is no Top Up Voucher activity to report during Quarter 1.
- **HS2 -** There has been a further delay to the publication of the Integrated Rail Plan and it is now not expected to be released until September 2021. In the meantime, lobbying by the HS2 East group continues with stakeholders to support the completion of the project including the eastern leg. The alternative proposal study was completed in June 2021 and proposed that if the whole project was not completed, HS2 services should use Erewash Valley and Barrowhill lines to provide services in Derbyshire.

The portfolio has a forecast underspend of £0.495m after the allocation of £2.980m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of the Covid-19 grant funding detailed above, the main variances are:

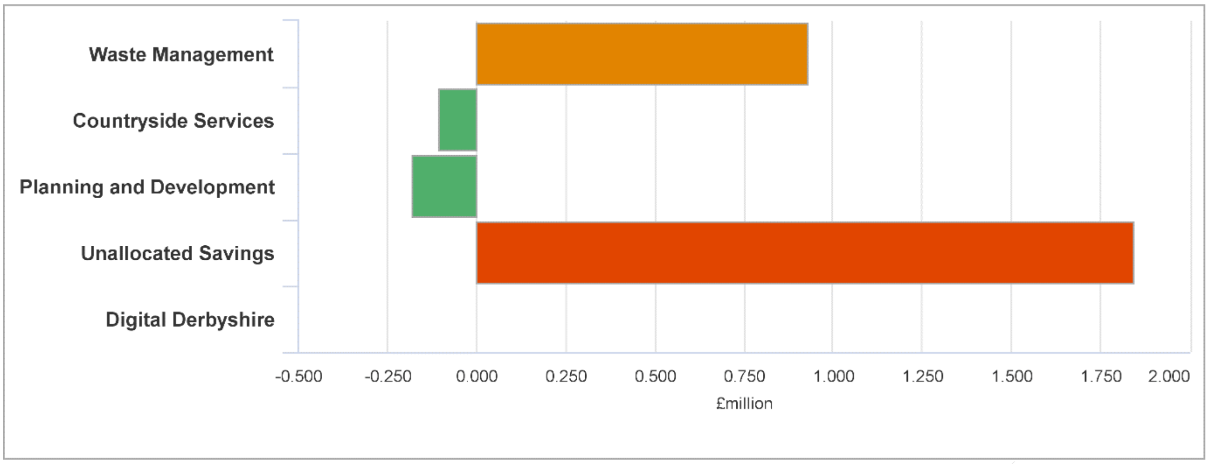
Forecast Outturn against Target Budget



- Unallocated Budget Savings, £1.842m overspend – savings targets not yet allocated to specific services.
- Waste Management, £0.930m overspend – an increase in household residual waste tonnages due to more people working from home as part of the Covid-19 response.

Appendix 10

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2021-22 is £0.444m, with a further £2.472m target brought forward from previous years. Of this total target of £2.916m, £0.844m is expected to be achieved by the end of the financial year. Therefore, there is currently a £2.072m forecast shortfall in achievement of budget savings.

Additional funding has been provided in the 2021-22 budget for the main growth items:

- Elvaston Castle Masterplan - £0.550m (one-off), the Masterplan, a programme of capital investment and income generation at Elvaston Castle, was approved by Cabinet on 20 December 2018. Preliminary studies, assessments and design work are required prior to capital investment.
- Budget Support - £0.230m (one-off), provided to the Place department to provide flexibility to plan to achieve the 2021-22 savings target in later years. This is supporting the phasing of savings planned to be delivered by the Countryside Service.

Appendix 11

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

Deliverable Progress

Key Measures Against Target

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

Progress is "Good" or "Strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- The 2021-22 Council Tax increase of 2.5% is the second lowest for comparable counties.
- The Climate Change Strategy is being finalised and as part of this the target for the reduction in emissions for 2021-22 has been increased to 63%.

Key areas for consideration are:

- Covid-19 has delayed planned progress in transferring libraries to community management. With Covid-19 restrictions lifting, and services resuming the Library Strategy will be relaunched in September 2021.
- The development of an organisational recovery and renewal strategy has been delayed by Covid-19, however the next phase of work was agreed at Cabinet in June 2021.

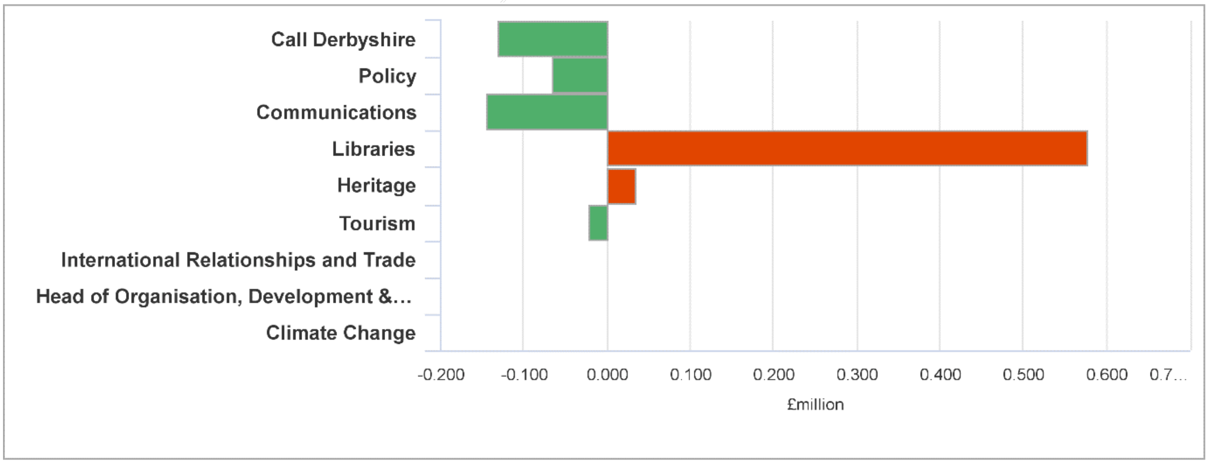
Appendix 11

The portfolio has a forecast overspend of £0.169m after the allocation of £0.079m of funding from MHCLG Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target Budget

- Libraries, £0.576m overspend – achievement of savings is delayed as the Covid-19 pandemic meant proposals to transfer the Library Service to community management and to transfer the Arts Development service to an alternative provider had to be suspended. The transfer to community managed libraries, proposed in the Library Strategy, is expected to be relaunched in September 2021.
- Communications, £0.177m underspend – due to vacancy control. This will assist in managing a planned restructure of the function.
- Call Derbyshire, £0.131m underspend – mainly due to staff turnover.
- Policy, £0.099m underspend – vacant posts only expected to be filled in the second half of the year.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2021-22 is £0.284m, with a further £0.595m target brought forward from previous years. Of this total target of £0.879m, £0.234m is expected to be achieved by the end of the financial year. Therefore, there is currently a £0.645m forecast shortfall in achievement of budget savings.

Additional funding has been provided in the 2021-22 budget for the main growth items:

- Voluntary and Community Sector (VCS) Infrastructure - £0.199m, to support the development of a more equitable distribution of funding across the county, recognising the contribution the sector makes in supporting communities across Derbyshire.
- Performance Monitoring and Reporting - £0.140m, to create a performance service partner role to support the ongoing development and implementation of the corporate performance framework, whilst also supporting the annual Council Plan refresh and service planning process.

Appendix 12

<u>Traded Services</u>

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	0.675	0.730	0.055		No
CSB	HR	Schools Advisory Service	0.500	0.755	0.255		No
CSB	HR	Work Experience	0.120	0.080	-0.040		No
CSB	Corporate Property	Direct Service Organisation Operations (Turnover at period 3)	5.511	5.233	-0.278		Yes
CSSG	School Catering	School Catering + Free School Meals checking	21.879	21.702	-0.177		No
CSSG	Finance	Budget advice & planning	0.362	0.402	0.040		No
CSSG	SORE	Swimming	0.936	0.856	-0.080		No
			29.983	**29.758**	**-0.225**		

*This is the expenditure remaining after any costs have been recharged to other service areas internal to the Council.

Partially Traded

'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide.

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSB	Legal and Democratic	Legal Services	0.121	0.115	-0.006	
CSB	Legal and Democratic	Registrars	1.248	1.639	0.391	✓
CSB	Corporate Property	Disability Design Team (DFG agency fees)	0.080	0.090	0.010	✓
CSB	Corporate Property	Estates	0.026	0.035	0.009	✓
CSB	Corporate Property	Energy Management: Commissioning Fees	0.065	0.076	0.011	✓
CSB	Corporate Property	Energy Management: Display Energy Certificates	0.000	0.009	0.009	✓
CSB	Corporate Property	Asbestos Surveys	0.053	0.058	0.005	✓

Appendix 12

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSB	Corporate Property	County Buildings incl. External Functions Bar	0.588	0.423	-0.165	
CSB	Corporate Property	Industrial Development	1.889	1.621	-0.268	
CSB	HR	Occupational Health Services	0.080	0.087	0.007	
CSB	HR	Learning & Development	0.379	0.509	0.130	
CSB	HR	H&S	0.295	0.254	-0.041	
CSB	HR	Payroll Services	1.510	1.613	0.103	
CSB	Organisational Development & Policy	Crisis Communications	0.043	0.044	0.001	
CSB	Finance & ICT	Exchequer	0.320	0.232	-0.088	
CSSG	Education Improvement	Various	0.216	0.074	-0.142	
CSSG	Education Psychology	Education Psychology	0.100	0.102	0.002	
CSSG	SORE	Outdoor Education & Sport	1.353	0.565	-0.788	

Appendix 12

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSSG	SEMH Services	Behaviour support	0.075	0.075	0.000	
CSSG	Adult Education	Adult Education	0.562	0.562	0.000	
CSSG	Education Welfare	Education Welfare	0.161	0.226	0.065	
CSSG	Music	Music	0.135	0.119	-0.016	
CSSG	Children Missing Education	Out of School Tuition	0.114	0.114	0.000	
CSSG	SEMH Services	Positive play	0.009	0.009	0.000	
CSSG	Early Years	Early Years	0.049	0.049	0.000	
CSSG	Early Years	Early Years SEN	0.010	0.010	0.000	
CSSG	Information & ICT	Various	0.017	0.039	0.022	
HC	Public Health	Mental Health course delivery	0.003	0.003	0.000	
HC	Public Health	School Crossing Patrol SLA sites	0.012	0.012	0.000	
HC	Central Services to the Public	Registrars	1.248	1.625	0.377	

Appendix 12

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
HAT	Highways	Highways Laboratory	0.100	0.100	0.000	
HAT	Fleet Services	Vehicle Maintenance	1.300	1.500	0.200	
IE	Countryside	Shops	0.219	0.205	-0.014	
IE	Countryside	Cycle Hire	0.019	0.014	-0.005	
			12.399	**12.208**	**-0.191**	

Appendix 13

Earmarked Reserves

Earmarked Reserves as at 30 June 2021

Adult Care	**£m**
Older People's Housing Strategy	16.103
Telecare	1.500
Other reserves	0.039
Total Adult Care	**17.642**

Clean Growth and Regeneration	
Regeneration Kick-Start Feasibility Fund	2.000
Vision Derbyshire Economic Development Pilot	1.000
Markham Environment Centre	0.114
Skills Training	0.111
D2 Growth Fund	0.100
Other reserves	0.294
Total Clean Growth and Regeneration	**3.619**

Corporate Services and Budget	
Revenue Contributions to Capital	44.584
Loan Modification Gains	25.254
Insurance and Risk Management	17.105
Covid-19 Recovery Fund	13.700
Covid Emergency and SFC Losses Grants	11.248
Budget Management	10.917
Planned Building Maintenance	6.553
Business Rates Pool	6.301
Property Insurance Maintenance Pool	2.849
Prior Year Underspends	2.812
Computer Purchasing	2.850
Investment Losses Contingency	2.500
Business Rates Strategic Investment Fund	1.988
PFI Reserves	1.980
Property DLO	1.541
Covid Tax Income Guarantee Grant	1.267
Change Management	1.163
Other reserves	4.729
Total Corporate Services and Budget	**159.341**

Appendix 13

Childrens Services and Safeguarding	
Tackling Troubled Families	2.313
Childrens Services IT Systems	0.657
Primary Teacher Pooled Premiums	0.653
Home to School Transport Covid Grant	0.230
QA Elective Home Education	0.185
Prior Year Underspends/Commitments	0.166
Other reserves	0.380
Total Childrens Services and Safeguarding	**4.584**
Health and Communities	
Covid Test and Trace Grant	3.385
Domestic Abuse	1.104
Mass Community Testing Grant	0.771
CEV Individuals Support Grant	0.698
Public Health S256/External Funds	0.240
Other reserves	0.568
Total Health and Communities	**6.766**
Highways and Transport	
Prior Year Underspends	11.302
Winter Maintenance	2.000
Commuted Highways Maintenance	1.710
Road Safety Public Service Agreement (PSA)	0.852
Derby and Derbyshire Road Safety Partnership Reserve	0.617
Other reserves	1.237
Total Highways and Transport	**17.718**
Infrastructure and Environment	
Waste Recycling Initiatives	0.598
Elvaston Maintenance	0.198
Other reserves	0.379
Total Infrastructure and Environment	**1.175**
Strategic Leadership, Culture, Tourism and Climate Change	
Community Managed Libraries	0.742
Policy and Research	0.660
Channel Shift	0.446
Library Restructure	0.429

Derbyshire Challenge Fund	0.343
Derwent Valley Mills World Heritage Site	0.189
Other reserves	0.538
Total Strategic Leadership, Culture, Tourism and Climate Change	**3.347**

Total Portfolio Earmarked Reserves	**214.192**

Schools	
Schools Balances	34.925
Dedicated Schools Grant (DSG)	0.000

Total balances held for and on behalf of schools	**34.925**

Public Health Grant	**8.532**

Budget Savings Monitoring 2020-21

	Budget Savings Target			Ongoing Savings Initiatives		Actual Savings Achieved	
Portfolio	**Prior Year not yet achieved Brought Forward** £ Millions	**Current Year** £ Millions	**Total Target** £ Millions	**Total Identified** £ Millions	**Shortfall (-)/ Additional Identified Savings** £ Millions	**Achieved by Financial Year End** £ Millions	**Shortfall (-)/ Additional Achievement of Savings Target** £ Millions
Adult Care	1.894	7.441	**9.335**	5.664	-3.671	5.122	-4.213
Clean Growth & Regeneration	0.000	0.330	**0.330**	0.330	0.000	0.330	0.000
Corporate Services & Budget	3.363	2.197	**5.560**	4.559	-1.001	1.163	-4.397
Children's Services & Safeguarding	1.965	0.085	**2.050**	1.220	-0.830	0.411	-1.639
Health & Communities	-0.016	0.271	**0.255**	0.213	-0.042	0.213	-0.042
Highways & Transport	1.842	1.239	**3.081**	1.239	-1.842	0.175	-2.906
Infrastructure & Environment	2.472	0.444	**2.916**	1.074	-1.842	0.844	-2.072
Strategic Leadership, Culture, Tourism & Climate Change	0.595	0.284	**0.879**	0.871	-0.008	0.234	-0.645
Cross Portfolio	0.653	1.000	**1.653**	1.285	-0.368	1.285	-0.368
Portfolio Total	12.768	13.291	**26.059**	16.455	-9.604	9.777	-16.282

*The Adult Care portfolio is being supported with £4.257m of one-off funding. This reduces the total target for this portfolio from £9.335m down to £5.078m. The savings supported by this funding in 2021-22 are required to be achieved in 2022-23.

Appendix 14

**The Corporate Services and Budget portfolio is being supported with £0.390m of one-off funding. This reduces the total target for this portfolio from £5.560m down to £5.170m. The savings supported by this funding in 2021-22 are required to be achieved in 2022-23.

***The Infrastructure and Environment portfolio is being supported with £0.230m of one-off funding. This reduces the total target for this portfolio from £2.916m down to £2.686m. The savings supported by this funding in 2021-22 are required to be achieved in 2022-23.

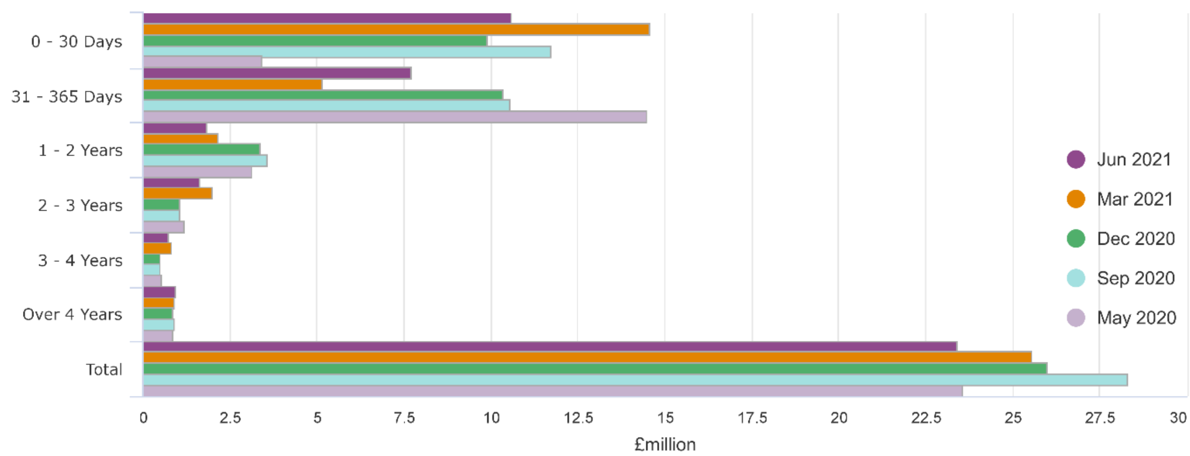
Appendix 15

Aged Debt

Age profile of debt, relating to income receivable, at 30 June 2021

	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	6.495	4.356	1.416	0.781	0.323	0.706	14.077
	46.1%	30.9%	10.1%	5.5%	2.3%	5.0%	100.0%
Children's Services	0.001	0.014	0.028	0.007	0.001	0.009	0.060
	1.7%	23.3%	46.7%	11.7%	1.7%	15.0%	100.0%
Place	2.331	2.229	0.307	0.800	0.232	0.021	5.920
	39.4%	37.7%	5.2%	13.5%	3.9%	0.4%	100.0%
Commissioning, Communities and Policy	1.741	1.121	0.090	0.041	0.177	0.185	3.355
	51.9%	33.4%	2.7%	1.2%	5.3%	5.5%	100.0%
All Departments	10.568	7.720	1.841	1.629	0.733	0.921	23.412
	45.1%	33.0%	7.9%	7.0%	3.1%	3.9%	100.0%

Aged Debt over Time



The value of debt written off in the 12 months up to 30 June 2021

Department	£m	
Adult Social Care and Health	0.224	↑
Children's Services	0.016	⌄
Place	0.023	⌄
Commissioning, Communities and Policy	0.036	↑
All Departments	**0.299**	↑

Appendix 16

Covid-19 Financial Impacts and Funding

Covid-19 Forecast Gross Costs and Additional Income by Portfolio

	Covid-19 related Costs	LESS: Specific funding for Portfolio Covid-19 Costs	Use of MHCLG Covid-19 and SFC Grant Funding
	£m	£m	£m
Adult Care	20.409	(15.748)	4.661
Clean Growth and Regeneration	0.026	0.000	0.026
Corporate Services and Budget	0.480	0.000	0.480
Childrens Services and Safeguarding	8.656	(3.806)	4.850
Health and Communities	6.091	(5.996)	0.095
Highways and Transport	0.889	0.000	0.889
Infrastructure and Environment	2.980	0.000	2.980
Strategic Leadership, Culture, Tourism and Climate Change	0.079	0.000	0.079
Total Portfolio Outturn	**39.610**	**(25.550)**	**14.060**

Appendix 16

Forecast use of Specific funding for Portfolio Covid-19 Costs

Adult Care	**£m**
Hospital Discharge Recharge	6.520
Infection Control Fund	9.228
Total Adult Care	**15.748**
Childrens Services and Safeguarding	
Home to School Transport	0.325
Wellbeing for Education return	0.032
Winter Grant Scheme	0.883
Covid Local Grant Scheme	2.566
Total Childrens Services and Safeguarding	**3.806**
Health and Communities	
Test and Trace	0.062
Contain Outbreak Management	5.840
Support CEV Individuals	0.076
Practical Self-Isolation Support	0.018
Total Health and Communities	**5.996**
TOTAL	**25.550**

Register of Covid-19 Funding Receivable (updated July 2021)

Portfolio	Description	Type	Awarding Body	Residual Funding Brought Forward from 2021-22 £m	Additional Funding Expected by 31 March 2022 £m	Expenditure Forecast 1 April 2021 to 31 March 2022 £m	Ring-Fenced	Purpose
N/A	Coronavirus (COVID-19): emergency funding for local government	Grant	MHCLG	11.248	15.337	15.506	No	Unringfenced funding for local authorities to use to respond to the Covid-19 pandemic.
N/A	Sales Fees and Charges Income Losses Compensation Scheme	Grant	MHCLG	0.000	0.000	0.000	No	To compensate lost sales, fees and charges income, as a result of the Covid-19 pandemic, at a rate of 75p in every pound, over and above the first 5% of budgeted income for the Apr 2021 to Jun 2022.
AC	Clinical Commissioning Group (CCG) funding for additional costs associated with COVID-19 including hospital discharge	Recharge	NHSE	0.000	6.520	6.520	Yes	NHS/CCG funding to help local authorities with Covid-19 associated costs including those relating to hospital discharge and follow-on care.

Portfolio	Description	Type	Awarding Body	Residual Funding Brought Forward from 2021-22 £m	Additional Funding Expected by 31 March 2022 £m	Expenditure Forecast 1 April 2021 to 31 March 2022 £m	Ring-Fenced	Purpose
AC	Adult Social Care Infection Control Fund (ICF) - Round 3	Grant	DHSC	0.000	5.293	5.293	Yes	To support adult social care providers, to reduce the rate of Covid-19 transmission in and between care homes and support wider workforce resilience.
AC	Adult Social Care Infection Control Fund (ICF) - Round 4	Grant	DHSC	0.000	3.935	3.935	Yes	As above.
HC	Test and Trace Service Support Grant	Grant	DHSC	3.385	0.000	0.061	Yes	For local authorities in England to develop and action their plans to reduce the spread of the virus in their area.
HC	Contain Outbreak Management Fund (COMF)	Grant	DHSC	19.058	3.958	6.073	Yes	To support local authorities to deliver their non-pharmaceutical interventions and to support their Covid response. The funding is a non-recurring payment for the 2020–21 financial year.

Portfolio	Description	Type	Awarding Body	Residual Funding Brought Forward from 2021-22 £m	Additional Funding Expected by 31 March 2022 £m	Expenditure Forecast 1 April 2021 to 31 March 2022 £m	Ring-Fenced	Purpose
HC	Clinically Extremely Vulnerable (CEV) Funding	Grant	MHCLG	0.698	0.000	0.268	No	Funding to support clinically extremely vulnerable (CEV).
HC	Mass Community Testing	Grant	DHSC	0.771	0.000	0.000	Yes	To provide support to the Local Authority towards expenditure in relation to Community Testing in response to the Covid-19 outbreak.
HC	Practical Support for those Self-isolating	Grant	DHSC	0.000	0.647	0.019	Yes	Support for those self-isolating in accessing food where they are unable to rely on family, friends or other support networks and to carry out essential tasks and social / emotional support
CSSG	Additional Home to School Transport	Grant	DfE	0.231	0.094	0.349	No	To create extra capacity and allow more students to use alternatives to public transport, while social distancing measures remain in place.

Portfolio	Description	Type	Awarding Body	Residual Funding Brought Forward from 2021-22 £m	Additional Funding Expected by 31 March 2022 £m	Expenditure Forecast 1 April 2021 to 31 March 2022 £m	Ring-Fenced	Purpose
CSSG	COVID Winter Grant Scheme	Grant	DWP	0.253	0.758	0.883	Yes	Made available in early December 2020 to support those most in need with the cost of food, energy (heating, cooking, lighting), water bills (including sewerage) and other essentials.
CSSG	COVID Local Grant Scheme	Grant	DWP	0.000	2.566	2.566	Yes	Made available in early December 2020 to support those most in need with the cost of food, energy (heating, cooking, lighting), water bills (including sewerage) and other essentials.
CSSG	Well-Being for Education Return	Grant	DfE	0.032	0.121	0.032	No	To better equip education settings to support pupils and students' wellbeing and psychosocial recovery as they return to full-time education following the disruptions to schooling because of Covid.

Portfolio	Description	Type	Awarding Body	Residual Funding Brought Forward from 2021-22 £m	Additional Funding Expected by 31 March 2022 £m	Expenditure Forecast 1 April 2021 to 31 March 2022 £m	Ring-Fenced	Purpose
				35.676	39.229	41.505		

Agenda Item 4 c

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Report of the Director of Finance & ICT

Financial Management Code

1. Purpose

1.1 To provide Audit Committee with an update of the Council's progress towards complying with the Financial Management Code standards.

2. Information and Analysis

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

2.2 The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.

2.3 The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.

2.4 Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

2.5 Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

2.6 The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.

2.7 By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements.

2.8 The first full year of compliance will be 2021-22. This recognises that organisations will require time to reflect on the contents of the FM Code and allows them to use 2020-21 financial year to demonstrate how they are working towards compliance. However, in February 2021, the Chartered Institute of Public Finance & Accountancy issued clarification on compliance with the FM Code to reflect Covid pressures. It concluded that whilst the first full year of compliance will remain at 2021-22, it can do so within a more flexible framework where a proportionate approach is encouraged. In practice this is likely to mean that adherence to some parts of the FM Code will demonstrate a direction of travel.

2.9 The Council considers that it has strong levels of compliance and this is further enforced by addressing the areas where further work had previously been identified.

Progress

2.10 Cabinet received a report on 23 April 2020, informing them of the contents of the FM Code. In this report it was noted that Audit Committee would receive reports on the Council's progress towards achieving the requirements of the FM Code by 1 April 2021. Audit Committee received a report on 8 December 2020.

2.11 The report highlighted that the Council already has a strong level of compliance with many aspects of the FM Code, however, there were significant areas where further work was required to document how the Council is compliant with the FM Code relating to governance and financial management. These are shown at Appendix One together with an update of progress against these areas.

Financial Resilience Assessment

2.12 The FM Code requires the completion of a financial resilience assessment which was completed as part of the Council's submission of its pre-audit Statement of Accounts 2020-21 to the external auditor, Mazars, for consideration. This comprised of a short report to support External Audit in arriving at their Value for Money (VfM) opinion.

Finance Review

2.13 The Council has undertaken a review of its Finance function during the last 12 months with a revised operating model implemented on 5 July 2021.

2.14 The revised model will bring:

- Improved collaboration, processes and workflow
- Enhanced communication
- Development of career pathways
- Regular training and knowledge sharing for finance staff

2.15 There are three underlying principles of simplify, standardise and share which are fundamental in helping to shape the revised operating model for the finance function. The Council will utilise modern technology to support the transformation of the service, providing not only finance colleagues, but also other key stakeholders, with a suite of reporting tools providing analysis and insight from good quality data delivered through analytics and visualisation tools.

2.16 The revised operating model will see the introduction of a Finance Business Partnering approach which is a fundamental shift from the current financial monitoring activity. Budget holders and key stakeholders must understand their responsibilities in terms of monitoring budgets and good financial management practice as defined in the Council's Financial Regulations.

2.17 There will be a period of transition to ensure that the SAP upgrade, planned to be implemented in autumn 2021, delivers the enhanced financial reporting to support both finance officers and budget holders. Finance officers will be equipped with a diverse range of core skills and knowledge to support this revised approach.

2.18 Prior to the implementation of the revised structure, several key deliverables have already been achieved to support improved collaboration and knowledge sharing. These include:

- Training offered to all finance officers in respect of Financial Regulations, Standing Orders and Risk Management awareness.

- Implementation of a Finance Teams site with all finance officers having access to the site offering a platform for communication across the whole finance function, file sharing and a knowledgebase for finance.
- Development of an e-learning module in respect of Financial Regulations and Standing Orders which will be mandatory for all relevant Council employees.

2.19 The move to the revised structure requires a period of significant transition and transformation. A detailed plan has been devised to ensure a smooth transition to the revised model. Recruitment to roles is complete and employees have been actively involved in preparing for the change with 'task and finish' groups established to manage the change process. The Finance Teams site has been utilised to communicate key messages during this period of change.

2.20 The revised operating model builds on the solid platform of strong financial management which is currently in place, but focuses on the development of systems and processes, and improved financial reporting.

Summary

2.21 Actions have been taken to address the areas where there is a need for improvement which were reported to Audit Committee on 8 December 2020, which reinforce the Council's strong financial management. However, the Council must not become complacent and will continually monitor its financial management practices. The recent Accountancy and Budgetary Control and Financial Resilience Audit Services Review concluded with an audit opinion of substantial assurance, underpinning robust financial procedures that are embedded across the Council.

2.22 The financial resilience assessment completed for the external auditor also supports the strong delivery of value for money.

2.23 The move to a revised operating model across the Finance function, together with the introduction of enhanced reporting and workflow will enhance current practices, procedures and system processes.

3. Alternative Options Considered

3.1 Do Nothing – whilst the FM Code is not a legislative requirement, it applies to all local authorities. The Council's external auditors from 2021-22 will consider the requirements of the Code and the Council's standing against the principles in reaching its value for money opinion.

4. Implications

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

5. Consultation

5.1 None.

6. Background Papers

6.1 Cabinet 16 April 2020 - CIPFA Financial Management Code
Audit Committee 8 December 2020 – CIPFA Financial Management Code

7. Appendices

7.1 Appendix 1 – Implications.

8. Recommendation(s)

That Audit Committee:

a) notes progress against the requirements of the Financial Management Code.

9. Reasons for Recommendation(s)

9.1 The Council is required to ensure that it has proper practices and arrangements in place to support good financial management and financial resilience over the short and medium-term. Ensuring compliance with the principles of the FM Code supports good financial practice, internal control and governance measures.

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Appendix 1

<u>Implications</u>

Financial

1.1 None.

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 None.

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

7.1 None.

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Agenda Item 4d

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Report of the Director of Finance & ICT

Review of the Effectiveness of the System of Internal Control

1. Purpose

1.1 To advise the Committee of the Accounts and Audit (England) Regulations 2015 and the requirement to review the system of internal control.

2. Information and Analysis

2.1 The Audit Committee is responsible for reviewing the Annual Governance Statement, reviewing, and approving other aspects of the Council's governance framework and for approving, monitoring and reviewing the outcome of audit activity throughout the Authority. It is, therefore, the appropriate Committee of the County Council to consider the outcomes of this review of the effectiveness of the system of internal control.

2.2 The system of internal control helps to promote the economic, efficient and effective use of public money, safeguards the Council's assets and interests, and controls the way the Council accounts to, engages with and leads its community, formulates it priorities and objectives, and delivers services in a way that meets those objectives.

2.3 The Council is required to have a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures the financial and operational management of the Council is effective; and

(c) includes effective arrangements for the management of risk.

2.4 The Council must take two actions as part of the requirement to review the internal control system, they are:

(i) conduct a review of the effectiveness of the system of internal control (described in bullet points (a) to (c) above)

(ii) prepare an annual governance statement.

2.5 In order to provide members with the necessary assurances around the effectiveness of the system of internal control it is appropriate to consider and reflect on the work of the Audit Committee, the assurances received from internal and external audit and evidence from the statement of accounts. It is appropriate to refer members to the following:

- Maintenance and review of the Council's Constitution the committee structure and powers and duties of committees, scheme of delegation and Council policies and procedures.
- The Annual Governance Statement which will be considered at this meeting.
- The work of internal auditors culminating in the Annual Audit Report from the Assistant Director of Finance (Audit) presented to this meeting.
- The evidence of compliance with International Auditing Standards attached to this report as an appendix.
- The detail contained within the Strategic Risk Register which has been regularly presented to members.
- The standard and quality of the post-audit Statement of Accounts for 2019-20 and the transparency illustrated by the disclosures made and the opportunity given to the Committee to discuss its contents.

- The development and implementation of the annual revenue and capital budgets which sets out the guidelines, principles and timeframes for setting of these budgets which ensures many professional officers are involved in the process.

- The Anti-Fraud and Corruption Strategy, Whistleblowing Confidential Reporting Code and Anti-Money Laundering Policy set out the procedures for the reporting of investigation of concerns of fraud, procedures for whistleblowing and processes for the detection and avoidance of crimes in UK money laundering. A revised Whistleblowing Policy to replace the current Whistleblowing Confidential Reporting Code will be considered at this meeting.

- The Council's spending against budget, reserves and achievement of budget reductions are monitored on a regular basis and reported to both management, portfolio holders, Cabinet, Audit Committee and Council. In addition the Audit Committee and Cabinet receive reports detailing the Council's significant Treasury management operations;

- Reviews of service delivery are planned and underway across the Council.

- The Council's compliance with the principles of the Financial Management Code which has been reported to members.

- Effective employment policies and procedures supported by an effective Human Resources function.

- ICT policies and procedures for email, internet, social media and other computer use.

- Supporting financial polices including Treasury Management Strategy, Capital Strategy, Reserves Policy and Corporate Charging Policy.

2.6 As members will be aware, a review of the Audit Services Unit was undertaken by C.Co, part of the Chartered Institute of Public Finance & Accountancy (reported to Committee 10 December 2019). The Public Sector Internal Audit Standards require an external review to be conducted at least once every five years. C.Co provided a positive view of the Unit's effectiveness and compliance with the PSIAS. Additionally, the External Auditor continues to use the work of Internal Audit to inform their assessment of the Council's significant risks.

2.7 Consequently I am satisfied that Audit Services achieved adherence to the standards set out in the PSIAS, and that this provides a sound basis from which the Council can rely on the assurances provided by Audit Services in respect of the effectiveness of the internal control system.

2.8 The work of Audit Services is subject to the requirements of the Unit's Audit Manual. This Manual is regularly reviewed as part of consideration of the systems and procedures used by the Unit alongside the Quality Assessment and Improvement Programme. Cabinet approved the Council's "Audit Charter" as part of a review of that document.

2.9 If there is any change to this view by the time the accounts are formally approved post-audit there will be a further report on the effectiveness of the system of internal control at that meeting.

3. Alternative Options Considered

3.1 Do nothing – This is not recommended because the Accounts and Audit (England) Regulations 2015 stipulate that authorities are required to review the system of internal control.

4. Implications

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

5. Consultation

5.1 None.

6. Background Papers

6.1 None.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Authority's procedures relevant to compliance with international auditing standards.

8. Recommendation(s)

That Audit Committee:

a) considers the information provided in this report as evidence of the effective operation of the internal control system.

9. Reasons for Recommendation(s)

9.1 To note that the Council is complying with the requirements of the Accounts and Audit Regulations 2015.

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Appendix 1

Implications

Financial

1.1 None.

Legal

2.1 The Audit Services Unit discharges the Authority's statutory responsibilities under Regulation 5, Accounts & Audit (England) Regulations 2015 and significant aspects of the statutory duties of the Director of Finance & ICT arising under Section 151 of the Local Government Act 1972.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 Not applicable.

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

7.1 None.

AUTHORITY'S PROCEDURES RELEVANT TO COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS

ISA 240

Objective

Management assessment of the risk that Financial Statements may be misstated due to fraud and the Council's processes for identifying and responding to these risks.

Procedures in Place

The County Council's control framework which includes:

- Financial Regulations and Procedures
- Standing Orders relating to Contracts
- Strategic Departmental Risk Registers supplemented by Project Risk Registers
- Project Management Toolkit
- Partnership Protocol
- Schemes of Delegation
- Ongoing activities of the Governance Group
- Continuous Internal Audit process driven by Strategic and Annual Audit Plans which are kept under continuous review to reflect changing risk profiles and emerging risks and overseen by the Audit Committee
- Audit Services Audit Manual
- Regular bank reconciliations
- Regular reconciliations of all feeder systems and interfaces
- Budget monitoring procedures
- Procurement controls

Objective

Communication to employees of business practice and ethical behaviour.

Procedures in Place

- Induction process
- Code of Conduct for Employees
- Anti-Fraud/Anti-Corruption Strategy
- Fraud Response Plan
- Confidential Reporting Code
- Workforce articles and payslip messages

- Financial Regulations and Standing Orders relating to Contracts
- Our Derbyshire
- Procedure notes and manuals

Objective

Communication to those charged with governance the processes for identifying and responding to fraud.

Procedures in Place

- Audit Committee Terms of Reference
- Audit Committee training
- Regular review by the Audit Committee of:

    - the Annual Governance Statement, Action Plan and work of the Governance Group
    - Financial Statements
    - detailed progress reports against Plan of the activity of Audit Services
    - Audit Services Annual Report and Audit Opinion
    - External Audit reports
    - the Authority's Strategic Risk Register
    - annual reports on the effectiveness of Internal Audit
    - annual reviews of Financial Regulations and Standing Orders, the Anti-Fraud Anti-Corruption Strategy, Fraud Response Plan, Confidential Reporting Code, Codes of Conduct for Officers and members
    - specific reports on the Authority's progress in relation to specific initiatives eg Schools Financial Value Standard and National Fraud Initiative

- Review and approval of Internal and External Audit Plans

Objective

Awareness of any actual or alleged instances of fraud.

Procedures in Place

- Specific requirements of Financial Regulations and Standing Orders relating to Contracts
- Anti-Fraud Anti-Corruption Strategy
- Fraud Response Plan
- Confidential Reporting Code
- Protocol for consideration of Audit Reports following Special Investigations
- Audit Services Audit Manual

- Membership of National Anti-Fraud Network
- Membership of national, regional and County Audit Groups and other professional groupings
- Role of the Monitoring Officer and the Standards Committee
- Audit Services distribute letters to Members, Strategic Directors/Directors on potential frauds, scams etc.

ISA 250

Objective

Requires that auditors understand how management gain assurance that all relevant laws and regulations are complied with.

Procedures in Place

All Member Reports must include legal considerations which reflect the impact of statutory/regulatory requirements. The Monitoring Officer (Director of Legal and Democratic Services) has a specific responsibility to ensure that the Authority operates lawfully. Legal officers are present at Member meetings to provide advice and the inclusion in identified posts for office holders to maintain an up-to-date knowledge of appropriate legislation eg Strategic Directors, Director of Finance & ICT, Director of Legal and Democratic Services (Monitoring Officer), Assistant Director of Finance (Audit).

ISA 501

Objective

Requires that auditors obtain confirmation from management around the potential for litigation and claims that would affect the Financial Statements.

Procedures in Place

- The Director of Finance & ICT seeks specific assurance from the Head of Paid Service and Director of Legal and Democratic Services whether or not there are material claims or potential claims which would affect the Financial Statements.
- The Director of Legal and Democratic Services also raises this as an item at her Departmental Management Team and provides a quarterly report of high risk legal cases to Corporate Management Team.
- Should the potential for any such claim be identified by Audit Services this would be raised directly with the Director of Finance & ICT.
- As part of Audit Services review of insurance the procedures for identifying

potential claims/risk exposure and potential mitigation are reviewed.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Report of the Director of Finance & ICT

Redmond Review

1. Purpose

1.1 To provide Audit Committee with an update in respect of the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, known as the 'Redmond Review'.

2. Information and Analysis

2.1 Background

2.2 Audit Committee considered a report on 8 December 2020 setting out details of Redmond Review (the Review). The Review was published in September 2020 and in December 2020, the Government delivered its response to the Redmond Review. That report set out the planned response to the 23 recommendations made by Sir Tony and grouped them under 5 themes:

- Action to support immediate market stability
- Consideration of system leadership options
- Enhancing the functioning of local audit, and the governance for responding to its findings
- Improving transparency of local authorities' accounts to the public
- Action to further consider the functioning of local audit for smaller

bodies

2.3 **Action taken to address immediate market instability**

2.4 The deadline for publishing local authority accounts has been extended to 30 September from 31 July. This deadline has been extended for two years from 2020-21 i.e. both the 2020-21 and 2021-22 annual accounts.

2.5 The Review also looked at the fee structures surrounding the audit contracts administered by Public Sector Audit Appointments Ltd (PSAA) (the appointing body for 98% of principal local authority audits) noting that the fee setting and variation process was insufficiently flexible and that local audit fees had reduced by 40% when compared against a 20% rise in central government and FTSE100 audit fees.

2.6 The Government has provided £15m to principal bodies to help support affected bodies to meet the anticipated increase in audit fees costs in 2021-22 and to support with new burdens relating to implementing the Redmond recommendations. The Government is currently seeking views via public consultation on the methodology for distributing this funding.

2.7 **Consideration of system leader options**

2.8 The Review identified a lack of coherence and join up across the current local audit framework, as none of the existing organisations in the system "had a statutory responsibility, either to act as a systems leader or to make sure that the framework operates in a joined-up and coherent manner".

2.9 To address this, the Review recommended that all these functions should be transferred to a single organisation – with a new independent body, the Office of Local Audit and Regulation (OLAR), responsible for procurement, contract management, regulation, and oversight of local audit. This new body would liaise with the Financial Reporting Council (FRC) with regard to its role in setting auditing standards.

2.10 In March 2021, the Government published a White Paper setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the Government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out Government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies.

The Government have looked at options for local audit in the context of these wider reforms.

2.11 **Functions of a System Leader**

2.12 The Government agree that there is a lack of coherence between different functions within the existing local audit system. It also agrees that a clearly accountable system leader is needed, with overarching responsibility for the local audit framework, including the Code of Audit Practice and the monitoring and review of local audit performance. However, it does not accept that the same organisation also needs to be responsible for the procurement and management of local audit contracts.

2.13 The Government does not wish to re-create the Audit Commission. It wants to build on the benefits of the 2014 Local Audit and Accountability Act. This includes the reduction in the cost to local authorities and government of local audit, delivering estimated savings of £1.35 billion over 10 years.

2.14 The Government also needs to be mindful of how local audit fits into the broader audit landscape. While a new body with responsibility for procurement, regulation and oversight of local audit would align some functions, it would also create new interfaces, for example with the FRC who has broader regulatory responsibility.

2.15 There are clear interdependencies with health audit, and there is a risk that a new local audit-focused body would lead to greater divergence with health audit, at a time when the Government's NHS White Paper Working Together to improve health and social care for all is driving greater integration between health and local government services.

2.16 The Government view is that it would be inappropriate for central government to act as a regulator of local government audit and it remains committed to the principles of a locally-led audit regime, as embodied in the 2014 Act. It is preferable to have a regulator who can both act independently and have the confidence of stakeholders and local bodies that they are acting independently.

2.17 In this context, it is the Government's view that ARGA, the new regulator being established to replace the FRC, would be best placed to take on the local audit system leader role. The FRC is the only organisation that currently undertakes the full range of core functions relating to the quality framework. The Government think that it is crucial that a new system leader has a core focus on ensuring competition on the market, and this will build on the proposals to introduce “promoting effective competition in the market for statutory audit work” as a core objective for ARGA.

2.18 **Governance to deliver an ARGA local audit system leader**

2.19 The Government have agreed a number of high-level principles to provide reassurance on this point. These include aligning ARGA’s proposed statutory objectives, principles and functions to explicitly include local audit, the specific needs of the sector and the additional responsibilities relating to system leadership. Also, the establishment of a new department within ARGA to take on responsibility for local audit-related work, including oversight and inspection.

2.20 There are a number of governance mechanisms that the Department for Business, Energy and Industrial Strategy (BEIS) is currently consulting on to ensure that the Government has the information it needs to shape the regulatory framework according to ARGA’s experience on the ground and that ARGA has clarity on the Government’s strategic priorities, while being clear to maintain ARGA’s legal and operational independence.

2.21 Sir Tony also recommended the establishment of a new Liaison Committee comprising key stakeholders and chaired by the Ministry of Housing, Communities and Local Government (MHCLG), to receive reports from the new regulator on the development of local audit.

2.22 Sir Tony also recommended that a system leader have responsibility for producing annual reports summarising the state of local audit. The Government strongly agrees with this recommendation. It notes that the report previously prepared by PSAA included detail on the number of audits completed by the statutory deadline and the number of qualified financial audit and value for money opinions, with the latter categorised by theme. It also listed all Public Interest Reports, Statutory Recommendations and Advisory Notices issued in the preceding year. The exact content of the report would be subject to further work, but the Government see this as an important mechanism for ARGA to report on progress to MHCLG, as well as to inform MHCLG’s stewardship of the local government accountability framework.

2.23 **Focus of Local Audit**

2.24 Local audit comprises two elements. It includes an opinion that the statutory financial accounts, produced in accordance with CIPFA's Code of Practice on Local Authority Accounting, are true and fair, in accordance with statutory duties and a further, value for money opinion from public audit, which includes an assessment on whether the auditor is satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, including consideration of financial sustainability and governance arrangements.

2.25 The new value for money requirements in the updated Code including a new commentary on governance, arrangements for achieving financial sustainability, and improving economy, efficiency and effectiveness - should help to address this. However, the Government agree with Sir Tony's recommendation that a new system leader should undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.

2.26 The Government recognise that this new requirement will increase the cost of local audit. Therefore, it has provided £15m to help meet the increased cost of audit in 2021-22, including the new Code of Audit Practice requirements, and will ensure that the New Burdens Doctrine will apply to any future increases in requirements.

2.27 More broadly, the Government also want the new system leader, as well as existing stakeholders, to look at whether there are opportunities to reduce some of the accounting and audit requirements where these relate to areas of less risk to local bodies. The intention would be to ensure that local authority accounts and the statutory audit are proportionate, noting that they need to be consolidated into the Whole of Government Accounts, prepared in accordance with International Financial Reporting Standards, and meeting the necessary standards of reporting and scrutiny.

2.28 As there will inevitably be a period of transition while new arrangements are put in place, in the interim the Government will work with the CIPFA, CIPFA/LASAAC, the FRC, National Audit Office, HM Treasury, the Financial Reporting Advisory Board and others to look at opportunities to address these issues around accounting and audit requirements at pace, including through modifications to the Accounting Code.

2.29 **Procurement/ appointing person arrangements**

2.30 There is a balance to be struck between cost and quality. Historically, there were concerns that fees were too high and it was right that real savings were delivered for the taxpayer following the abolition of the Audit Commission. However, the context has changed since 2014, including the structure of the market, plus new obligations and the complexity of the work.

2.31 It is striking that local audit scale fees reduced by 40% between 2014-15 and 2018-19, while central government and FTSE100 fees have increased by 20%. The Government has been working closely with PSAA in recent months to develop its plans for allowing greater flexibility to reflect additional costs in audit fees.

2.32 These measures will help to address the immediate market fragility issues, as well as ensure that, in the longer-term, there is a mechanism to reflect additional costs more quickly if new audit requirements are introduced during the course of an appointing period, thereby removing the financial risk from the audit firms.

2.33 It remains the Government's view that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement, due to their strong technical expertise and the proactive work they have done to help identify improvements that can be made to the process. This will also help to provide continuity, given the proximity of the next procurement exercise.

2.34 As the Redmond Review highlighted, with only three firms covering over 80% of local audit, a withdrawal by one could create a very challenging gap to fill. Looking ahead to procurement for the next round of contracts that will commence from 2023-24, a priority needs to be expanding the number of firms engaged in the market. The Government's engagement with the audit firms who currently hold local audit contracts indicates that this is a view that they share.

2.35 Progress implementing other recommendations relating to auditor training and qualifications, the functioning of local audit, and governance, the transparency of local authorities' accounts and the audit of smaller bodies.

2.36 In relation to the recommendations around auditor capacity, skills, training and experience, the Government is working closely with the FRC, ICAEW and CIPFA to review the current guidance on entry requirements for Key Audit Partners in local audit - and to consider what else is possible to ensure that firms with the capacity, skills and experience are not excluded from bidding on local audit work.

2.37 The Government have also been engaging with the LGA, CIPFA and others to consider the recommendations around audit committees, their status and membership, with a view to developing new guidance endorsed by all stakeholders.

2.38 The Government is also working with CIPFA to develop the new Standardised Statements of accounts, and consideration is also being given to making further amendments to the Accounts and Audit Regulations – subject to consultation – to require the development and auditing of the new Standardised Statement. New burdens for local bodies resulting from these new requirements will be met from part of the additional £15m provided to local bodies for 2021-22.

2.39 **Next steps**

2.40 The Government will work closely with stakeholders, including local bodies and audit firms, to refine its proposals for implementing it commitments around system leadership, as well the range of other commitments it has made in response to the Redmond Review, ahead of publishing a public consultation on the proposals in advance of summer recess.

2.41 Some of these changes would require primary legislation, and so the Government would look to introduce them, subject to public consultation, as part of broader draft legislation with BEIS to implement the Government's broader corporate audit reforms when Parliamentary time allows. It will continue to work closely with the FRC, PSAA, NAO and others in the intervening period to consider how we can make more immediate changes that do not require primary legislation.

3. Alternative Options Considered

3.1 Not applicable.

4. Implications

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

5. Consultation

5.1 Not applicable

6. Background Papers

6.1 Local authority financial reporting and external audit: government response to the independent review. Ministry of Housing Communities and Local Government.

7. Appendices

7.1 Appendix 1 – Implications.

8. Recommendation(s)

That Audit Committee:

a) notes the Government's response to the Redmond Review and details of the next steps.

9. Reasons for Recommendation(s)

9.1 To ensure that the Audit Committee understands the Government's response to the Redmond Review.

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Appendix 1

Implications

Financial

1.1 None.

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 Not applicable.

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

7.1 None.

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Agenda Item 5

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Report of the Director of Legal & Democratic Services and Assistant Director of Finance (Audit)

WHISTLEBLOWING POLICY

1. Purpose

1.1 To consider the draft Whistleblowing Policy and refer it to Cabinet for formal approval.

2. Information and Analysis

2.1 'Whistleblowing' means the confidential reporting by an individual of any concerns relating to a perceived wrongdoing involving any aspect of the Council's work or those who work for the Council. This includes reporting of suspected wrongdoing, malpractice or illegality within the Council.

2.2 The Council currently has in place the Confidential Reporting Code which was approved in November 2016. It has been reviewed to ensure that it is up to date and fit for purpose. When conducting the review, the Guidance for Employers and Code of Practice issued by the Department for Business Innovation & Skills has been taken into account. The guidance makes it clear there is no one-size-fits-all whistleblowing policy, however provides some tips about what a policy should include. It recognises policies will vary depending on the size and nature of the organisation, but should be clear, simple and easily understood.

2.3 In light of the guidance, the Confidential Reporting Code has been renamed Whistleblowing Policy as it is considered the purpose of the document will be more clearly understood. The document has also been re-drafted so that it is easier to read.

2.4 The draft Policy sets out how the Council will handle and respond to any whistleblowing allegations and seeks to:

a) encourage employees and members of the public and/or their representatives to feel confident in raising concerns or allegations in the public interest about suspected serious wrongdoing in the Council and its services without fear of reprisals or victimisation even where the concern or allegations are not subsequently confirmed by the investigation;
b) give a clear message that allegations of serious wrongdoing or impropriety are taken seriously;
c) ensure that where the disclosure proves to be well founded, the individuals responsible for such serious wrongdoing will be held accountable for their actions;
d) set out what employees and members of the public can expect by way of confidentiality and protection when making a whistleblowing disclosure; and
e) identify independent support for employees who wish to make a whistleblowing disclosure.

2.5 It is proposed that Audit Committee considers the draft Policy, makes comments and refers it to Cabinet for formal approval.

2.6 Once the Policy is approved, the Council will ensure it is publicised via the intranet and the employee newsletter and training is provided. It will also be published on the internet. This will ensure that individuals are aware of the policy and how to make a disclosure.

2.7 Once the Policy is approved, it will be necessary to remove references to the Confidential Reporting Code and replace with Whistleblowing Policy in the Constitution, specifically the Code of Conduct for Officer, Financial Regulations and role and function of the Governance, Ethics and Standards Committee. This will be addressed through reports to Governance, Ethics and Standards Committee and Council.

3. Alternative Options Considered

3.1 Audit Committee could choose not to consider the draft Policy.

4. Implications

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

5. Consultation

5.1 Cabinet will formally approve the Whistleblowing Policy, however it is presented to Audit Committee for comment in recognition of the Committee's role in providing independent assurance on the Council's arrangements for governance, risk management and internal control. Governance, Ethics and Standards Committee will also be given the opportunity to comment on the draft Policy as the Committee is responsible for the overview of the Confidential Reporting Code.

6. Background Papers

6.1 Department for Business, Innovation & Skills Whistleblowing Guidance for Employers and Code of Practice

7. Appendices

7.1 Appendix 1 – Implications

7.2 Appendix 2 – Current Confidential Reporting Code

7.3 Appendix 3 – draft Whistleblowing Policy

8. Recommendation

That Committee provides comment on the draft Whistleblowing Policy at Appendix 3 and refers it to Cabinet for formal approval.

9. Reasons for Recommendation(s)

9.1 To ensure that Audit Committee is given the opportunity to comment on the draft Whistleblowing Policy prior to formal approval by Cabinet.

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Appendix 1

Implications

Financial

1.1 None directly arising from this report.

Legal

2.1 The law relating to whistleblowing is set out in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). It provides the right for a worker to take a case to an employment tribunal if they have been victimised at work or they have lost their job because they have 'blown the whistle'.

2.2 The legislation does not require the Council to have a whistleblowing policy in place, however the existence of a whistleblowing policy shows the Council's commitment to listen to the concerns of employees and how it will respond to those concerns.

Human Resources

3.1 As set out in the legal implications section.

Information Technology

4.1 None directly arising from this report.

Equalities Impact

5.1 The Whistleblowing Policy is aimed at ensuring the highest standard of ethical and honest behaviour. It is intended to give confidence to those who wish to raise an allegation of wrongdoing and should not disadvantage any individual that has one or more protected characteristic. An Equality Impact Assessment will be prepared for consideration by Cabinet in due course.

Corporate objectives and priorities for change

6.1 None directly arising from this report.

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

7.1 Having a robust Whistleblowing Policy in place that encourages employees to report wrongdoing is an important way to manage risks to the Council.

Appendix 2

WHISTLEBLOWING

THE CONFIDENTIAL REPORTING CODE

DERBYSHIRE
County Council
Improving life for local people

Version history			
Version	**Date**	**Detail**	**Author**
1.00	02/11/2015	Revised the code	Liz Wild

Derbyshire County Council

Confidential Reporting Code

1 Introduction

1.1 Confidential reporting is the disclosure or communication of information about possible malpractice by individuals or organisations. Disclosure can be either internal within the organisation or external to an outside authority.

1.2 This confidential reporting code is intended to enable individuals or organizations to disclose information about malpractice internally and to provide them with protection from subsequent victimisation, discrimination or disadvantage. This will assist in detecting and deterring malpractice and, by demonstrating the Council's accountability, maintain public confidence and the Council's good reputation.

2 Purpose

2.1 Employees are often the first to realise that there may be evidence of malpractice within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation.

2.2 In line with the Council's commitment to high standards of openness, integrity and accountability, the Council expects employees who have a reasonable belief that malpractice is taking place within the Council to come forward and voice those concerns internally. This may be an awareness of suspected irregularity, wrongdoing or a failure of standards. This code provides the means for employees to make such disclosures.

2.3 An employee's concerns about malpractice may include a reasonable belief that one or more of the following has occurred or is likely to occur:

- Conduct which is an offence or a breach of law,
- Miscarriages of justice,
- Health and safety risks, including risks to the public as well as other employees,
- Damage to the environment,
- The unauthorised use of public funds,
- Fraud and corruption,
- Sexual or physical abuse of clients,
- Other unethical conduct.

2.4 Under this code employees should make disclosures about possible malpractice with:

a) Their line manager
b) Where (a) is inappropriate, their Strategic Director, Director or senior manager in their department.
c) Where (a) and (b) are inappropriate, you should approach the Director of Legal Services, or,
d) if the concern is regarding financial irregularities or fraud then you should contact the Assistant Director of Finance (Audit).

It is recognised that most cases will have to proceed on a confidential basis.

2.5 It is in the interests of all parties that disclosures are dealt with properly, quickly and discreetly. The overriding consideration for the Council and the employee is that it would be in the public interest for any malpractice found to be corrected and, where appropriate, sanctions applied.

2.6 The code provides employees with a procedure to make disclosures of suspected irregularity or wrongdoing without fear of adverse treatment as a result. The Council will not tolerate any harassment or victimisation of employees making disclosures (including informal pressures) and will take action to protect employees when they make a disclosure that they reasonably believe is in the public interest.

2.7 The code addresses major concerns that fall outside the scope of other procedures and where the interests of others or of the Council are at risk. It has been developed within the following legislative and policy framework:

- It takes into account the requirements of the Public Interest Disclosure Act 1998.
- It is complementary to the Council's Code of Conduct which makes clear the standards of propriety and good practice expected of employees.
- It is complementary to the Council's Discipline, Grievance and Harassment Procedures. Together they form a framework which allows employees to be disciplined, to seek personal redress, to raise personal complaint and to disclose malpractice where appropriate.
- The code is in addition to the Council's complaints procedures and other reporting procedures applying to some departments, for example child protection procedures.

3 Scope

3.1 This code applies to all employees, including those employees within the Children's Services Department for whom the Local Education Authority is the relevant body but excluding teachers. It is also applicable to:

a) contractors working for the Council on Council premises, for example, agency staff, builders, drivers.

b) suppliers and those providing services under a contract with the Council in their own premises, for example care homes.

4 Procedure for Making A Disclosure

4.1 Introduction

4.1.1 This code provides you with a procedure for making disclosures internally about suspected wrongdoing, irregularity or a failure of standards within the Council. Its aims are:

1. To encourage you to feel confident in raising serious concerns and to question and act upon concerns about possible malpractice within the Council.
2. To provide a means for you to disclose those concerns and receive feedback on any action taken.
3. To ensure that you receive a response to your concerns and that you are aware of how to pursue them further if you are not satisfied.
4. To reassure you that you will be protected from possible reprisals or victimisation and from subsequent discrimination or disadvantage.

4.1.2 Any serious concerns that you have about an aspect of service provision or the conduct of officers or Members of the Council or others acting on behalf of the Council can be reported under this code. This may be about something that:

a) makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Council subscribes to.
b) is against the Council's Standing Orders and policies.
c) falls below established standards of practice.
d) amounts to improper conduct.

Examples of these are given in paragraph 2.3.

4.2 Confidentiality

4.2.1 All disclosures will be treated in confidence and wherever possible, every effort will be made not to reveal your identity. However, you may need to come forward as a witness and you will be given every support from management at that time.

4.3 Anonymous Disclosures

4.3.1 You should put your name to your disclosure whenever possible. Disclosures made anonymously will still be considered at the discretion of the Council.

However, it is helpful to have your name in case further information is required.

4.3.2 In exercising its discretion, the Council will take into account the:

a) seriousness of the issues raised.
b) credibility of the disclosure.
c) likelihood of confirming what is alleged from attributable sources.

4.4 Untrue Disclosures

4.4.1 If you make a disclosure that you reasonably believe is in the public interest, but it is not confirmed by the investigation, no action will be taken against you. If however, your allegation is frivolous, malicious or for personal gain, you may be subject to disciplinary action.

4.5 Employee Action

4.5.1 As a first step, you should normally raise your concerns with your immediate line manager. If you believe your line manager is involved, you should approach your Strategic Director or another senior manager in your department. This depends however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. If you believe that senior management is involved, you should approach the Director of Legal Services, or, if the concern is regarding financial irregularities or fraud then you should contact the Assistant Director of Finance (Audit).

4.5.2 You may raise your concern either verbally or in writing. The earlier you express the concern, the easier it is to take action. You should provide:

a) details of your concerns, including the nature, dates and location of any relevant incidents.
b) reasons why you feel concerned about the situation.

4.5.3 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

4.5.4 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns. You may also discuss your concerns with your trade union representative.

4.5.5 You may invite your trade union or other representative to be present during any meetings or interviews in connection with the concerns you have raised.

4.5.6 The amount of contact between you and the officer considering the issues will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.

4.6 Action Taken by the Council

4.6.1 The Council will respond to your disclosure. Where appropriate, the matters raised may be:

a) investigated by management, by Audit Services, or through the disciplinary process.
b) referred to the Police.
c) referred to the external auditor.
d) the subject of an independent inquiry.

4.6.2 In order to protect individuals and those accused of possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The over-riding principle the Council will have in mind is the public interest. Disclosures for which there are other specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.

4.6.3 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

4.6.4 Within 10 working days of a concern being raised, you will receive a response:

a) acknowledging that the concern has been received.
b) telling you what initial enquiries have been made.
c) indicating how the matter is going to be dealt with.
d) giving an estimate of how long it will take to provide a final response.
e) supplying you with information on staff support mechanisms.
f) telling you why if there is to be no further investigation.

4.6.5 The Council will take steps to minimise any difficulties you may experience as a result of making a disclosure. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.

4.6.6 You will need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, you will be informed of the outcomes of any investigation.

4.6.7 The Director of Legal Services has overall responsibility for the maintenance and operation of this code. A record of disclosures made and the outcomes is maintained (but in a form which does not endanger your confidentiality) and reports will be made as necessary to the Council.

4.7 How the Matter Can Be Taken Further

4.7.1 This code is intended to provide you with a route within the Council to make disclosures of malpractice. The Council hopes you will be satisfied with any action taken. If you are not, and you believe the information you have disclosed is substantially true, possible contact points are:

- Public Concern At Work
- The external auditor
- Your trade union
- Your local Citizens Advice Bureau
- Relevant professional bodies or regulatory organisations
- A relevant voluntary organisation
- The Police

4.7.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the officer dealing with your disclosure within the Council before divulging any information.

4.7.3 General advice and guidance on how matters of concern may be pursued can be obtained from the:

a) Chief Executive,
b) Director of Legal Services,
c) Assistant Director of Finance (Audit).

John McElvaney
Director of Legal Services
Corporate Resources Department

November 2016

Derbyshire County Council

Appendix 3

Whistleblowing Policy

1. Introduction

1.1 Derbyshire County Council is committed to the highest possible standards of honesty, openness and accountability and will not tolerate wrongdoing, malpractice or illegality in the workplace.

1.2 The Council's Whistleblowing Policy is a vital element of our governance arrangements and is designed to allow those employed by the Council, members of the public or organisations to come forward and disclose serious allegations of wrongdoing, malpractice or illegality involving the actions of the Council's employees, its Councillors, contractors or any aspect of the Council's activities. The Council is committed to treat all disclosures fairly and consistently.

1.3 It is intended that this Whistleblowing Policy enables individuals or organisations to disclose information about wrongdoing, malpractice or illegality internally and to provide them with protection from subsequent victimisation, discrimination or disadvantage. This will assist in detecting and deterring malpractice and, by demonstrating the Council's accountability, maintain public confidence and the Council's good reputation.

1.4 This Whistleblowing Policy should be read in conjunction with the Anti-Fraud Anti-Corruption Strategy and Fraud Response Plan.

2. Aim of the Policy

2.1 The aims of this Policy are to:

- create a culture of zero tolerance toward fraud and corruption and deter wrongdoing;
- encourage employees and others with serious concerns about any aspect of the Council's work to feel confident to come forward and voice those concerns within the Council rather than ignoring a problem or 'blowing the whistle' outside;
- ensure concerns are raised at an early stage and in the right way ensuring that critical information gets to the people who need to know and who are able to take action so that the matter can be properly investigated;

- provide reassurance to those who raise concerns in the public interest and not maliciously or for personal gain, that they can do so without fear of reprisals or victimisation or disciplinary action, regardless of whether these are subsequently proven;
- ensure that a response is received when concerns are raised, and it is clear how to pursue the matter if not satisfied with the response.

3. Scope of the Policy

3.1 The Whistleblowing Policy seeks to cover all disclosures and allegations made by employees of Derbyshire County Council, including temporary and agency staff. For those employed in maintained schools, the school must have whistleblowing procedures in place and a model Whistleblowing Policy is available which can be adopted by governing boards of Derbyshire schools. The Secretary of State for Education is the prescribed person for matters relating to education for individuals who wish to raise concerns but not direct with their employer. This Policy also extends to any other individual who wants to raise an allegation of wrongdoing, malpractice or illegality. This could include consultants, contractors, sub-contractors who are engaged in work for the Council, volunteers, Councillors, anyone who uses the Council's services or a member of the public.

3.2 The Whistleblowing Policy is not intended to replace existing procedures and it should not be used where other more appropriate reporting procedures are available.

a) If the concern relates to treatment as an employee, it should be raised under the existing Grievance or Harassment procedures;
b) If the concern is about services provided, it should be raised under the Complaints Procedure;
c) If the concern is regarding the behaviour of a County Councillor, it should be raised under the Code of Conduct complaints process.

4. What is Whistleblowing?

4.1 In this policy 'whistleblowing' means the confidential reporting by an individual of any concerns relating to a perceived wrongdoing involving any aspect of the Council's work or those who work for the Council. This includes reporting of suspected wrongdoing, malpractice or illegality within the Council.

4.2 The Public Interest Disclosure Act 1998 (PIDA 1998), known as the whistleblowing law is designed to encourage and enable employees to "speak out" and to report suspected wrongdoing at work. This is commonly known as "blowing the whistle". The PIDA protects employees (including those employed in schools maintained by the Council, temporary workers and agency staff), from any detriment from their employer or colleagues that arises as a result of making a “protected disclosure” (a qualifying disclosure) in the public interest. This includes protection from harassment, victimisation or dismissal by their employer.

4.3 A qualifying disclosure means any disclosure which in the reasonable belief of the employee shows the following:

- that a criminal offence has been committed, is being committed or is likely to be committed;
- that a person has failed, is failing or likely to fail to comply with a legal obligation to which he/she is subject;
- that a miscarriage of justice has occurred, is occurring or likely to occur;
- that the health and safety of an individual has been, is being or is likely to be endangered;
- that the environment has been, is being or is likely to be damaged;
- that any of the above matters are being or likely to be deliberately concealed.

4.4 Personal grievances are not covered by this Policy and instead should be dealt with under the Council’s Grievance Procedure.

5. Whistleblowing by Employees

5.1 <u>Who should concerns be raised with?</u>

All employees should ensure that they remain aware of this Whistleblowing Policy and use it where they have concerns about wrongdoing, malpractice or illegality internally.

Under this Policy employees should raise their concerns with:

a) their line manager;
b) where this is inappropriate, (e.g. because it is believed the line manager is involved) their Executive Director, Director or other senior manager;
c) where (a) and (b) are inappropriate (e.g. Members or it is believed senior management are involved), the Monitoring Officer; or
d) if the concern is regarding financial irregularities or fraud, the Assistant Director of Finance (Audit).

5.2 <u>Protection for Employees</u>

5.2.1 Under the PIDA 1998, employees are protected when they make a qualifying disclosure. This applies where the employee:

- makes the disclosure in good faith;

- reasonably believes that the disclosure they are making is in the public interest; and
- reasonably believes that the information detailed and any allegation in it are substantially true.

5.2.2 The PIDA 1998 makes it unlawful for the Council to dismiss anyone or allow them to be victimised on the basis that they have made an appropriate lawful disclosure in accordance with the Act.

5.2.3 The Council recognises that the decision to report a concern can be a difficult one to make. If an employee honestly and reasonably believes what they are saying is true, they should have nothing to fear because they will be doing their duty to their employer, their colleagues and those for whom they are providing a service.

5.2.4 The Council will not tolerate any harassment or victimisation of a whistleblower (including informal pressures) and will take appropriate action to protect an employee when they raise a concern in good faith. Any harassment or victimisation of a whistleblower will be treated a as a serious disciplinary offence which will be dealt with under the Disciplinary Procedure.

5.3. <u>Support to Employees</u>

5.3.1 An employee may wish to consider discussing their concerns confidentially with a colleague first and may find it easier to raise the matter if there are two (or more) employees who have had the same experience or concerns.

5.3.2 An employee may discuss their concerns confidentially with their trade union representative. They may also invite their trade union or other representative to be present during any meetings or interviews in connection with the concerns they have raised.

5.3.3 Any employee making a qualifying disclosure under this Policy:

- will be given full support from senior management, and
- the Council will do all it can to help them throughout the investigation. This may include consideration of temporary redeployment for the period of the investigation, if appropriate.

5.3.4 Any employee thinking about raising a concern can refer to the guidance from the Government or Acas for further information and obtain confidential advice from Protect (formerly Public Concern at Work).

6. Whistleblowing by Contractors, service users, members of the public etc.

6.1 Who should concerns be raised with?

Under this Policy consultants, contractors, sub-contractors who are engaged in work for the Council, volunteers, Councillors, anyone who uses the Council's services or a member of the public can still contact the Council to report any concerns or disclosures of wrongdoing. They should raise concerns with:

a) the Monitoring Officer; or
b) if the concern is regarding financial irregularities or fraud, the Assistant Director of Finance (Audit).

6.2 Protection and Support

The protection under the PIDA 1998 does not extend to disclosures made by those who are not County Council employees. For those who are not County Council employees, the Council will endeavour to provide appropriate advice and support wherever possible.

7. How to raise a concern

7.1 Concerns may be raised verbally or in writing, although it is better if it is provided in writing and an online form is available. The earlier a concern is raised, the easier it will be for the Council to take action. Any person reporting a concern should provide as much information as possible, including:

- their name and contact details;
- who the concerns relate to;
- full details on the nature of the alleged wrongdoing and why it is believed to be true; and
- evidence in support (including copies of any documents, dates and information relating to relevant events).

7.2 It is not expected that the individual proves their suspicions beyond doubt, however they will need to demonstrate that they have a genuine concern relating to suspected wrongdoing or malpractice within the Council and there are reasonable grounds for that concern.

8. Confidentiality

8.1 All concerns will be treated in confidence and every effort will be made not to reveal identity of the individual raising concerns, if that is their wish. However, it is recognised that if disciplinary or other proceedings follow the investigation, it may not be possible to take action without the individual who has raised concerns coming forward as a witness.

9. Anonymous Allegations

9.1 The Council recognises that there may be circumstances where individuals are worried about being identified when they report concerns, particularly where they are an employee. However, this Policy encourages individuals to put their name to an allegation wherever possible as we believe that open or confidential whistleblowing is the best means of addressing the concerns and protecting individuals. Where an individual does not provide their name, it will be much more difficult for the Council to support and protect their position or to give them feedback. It will also be more difficult for the individual to qualify for protection under the PIDA 1998. This is because there would be no documentary evidence linking them to the disclosure for the Employment Tribunal to consider.

9.2 In addition concerns expressed anonymously are more difficult to investigate, and harder to substantiate. Anonymous allegations will be considered at the discretion of the Monitoring Officer in conjunction with the Assistant Director of Finance (Audit) taking into account the following factors:

- the seriousness of the issues raised;
- the credibility of the concern;
- the same or similar concerns being received; and
- the likelihood of confirming the allegations from other credible sources.

9.3 Where anonymous allegations are investigated, the individual may seek feedback through a telephone appointment or by using an anonymised email address. A reference will be provided to the individual reporting concerns to ensure safeguards are in place to ensure feedback is given to them and not a third party.

10. Untrue Allegations

10.1 If an allegation is made which is frivolous, vexatious, malicious or for personal gain, the Council may take appropriate action that could include disciplinary action.

11. How the Council will respond

11.1 The Council will endeavour to respond to concerns raised as quickly as possible. If a name and contact details have been provided, the person with whom the concerns are raised will formally acknowledge receipt within 5 working days of the concerns being received.

11.2 In order to be fair to all employees, including those who may be wrongly or mistakenly accused, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The over-riding principle for the Council will be the public interest.

11.3 Where appropriate, the concerns raised may be:

- investigated by management, by Audit Services, or through the disciplinary process;
- referred to the Police;
- referred to the external auditor;
- the subject of an independent inquiry;
- resolved by agreed action without the need for investigation; or
- deemed not to be sufficient to warrant an investigation.

11.4 Disclosures for which there are other specific procedures (for example, child protection, safeguarding or discrimination issues) will normally be referred for consideration under those procedures.

11.5 If a name and contact details have been provided, the person with whom the concerns are raised will within 10 working days of a concern being received, confirm in writing:

- what initial enquiries have been made;
- how the matter is going to be dealt with;
- an estimate of how long it will take to provide a final response;
- employee support mechanisms (where appropriate);
- why there is to be no further investigation, if appropriate.

11.6 It is recognised that the individual who raised concerns will need to be assured that the matter has been properly addressed. Therefore, subject to legal and data protection constraints, they will be informed of the outcome of any investigation.

12. How the Matter Can Be Taken Further

12.1 This Policy is intended to provide an avenue within the Council to raise concerns. The Council hopes any individuals who raise concerns will be satisfied with any action taken. If they are not, and they feel it is right to take the matter outside the Council, the following may be contacted:

- the Council's External Auditor;
- the trade union;
- the police;
- the Local Government and Social Care Ombudsman;
- the independent charity Protect (formerly Public Concern at Work);
- other relevant bodies prescribed by legislation.

12.2 If concerns are raised outside the Council it should be to one of these prescribed contacts. A public disclosure to anyone else could take an individual outside the protection of the PIDA 1998 and of this Policy.

12.3 Information that is confidential to the Council or to anyone else, such as a client or contractor of the Council, should only be shared with those included in the above list of prescribed contacts.

12.4 This Policy does not prevent an individual from taking their own independent legal advice.

13. The Responsible Officer

13.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this Policy.

14. Corporate Recording and Monitoring

14.1 The Monitoring Officer will maintain a corporate register containing all concerns that are brought to his/her attention. All officers to whom concerns are raised under this Policy must notify the Monitoring Officer and provide sufficient details for the corporate register.

14.2 The Monitoring Officer will review the corporate register and produce an annual report for the Governance, Ethics and Standards Committee which is responsible for the overview of this Policy.

Agenda Item 6

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Report of the Assistant Director of Finance (Audit)

Audit Services Unit – Progress Against Audit Plan 2021-22

1. Purpose

1.1 To inform Members of the progress against the approved Audit Services Plan for 2021-22 as at 31 August 2021.

2. Information and Analysis

2.1 At the meeting of this Committee held on 23 March 2021, Members approved the Audit Services Plan for 2021-22. The Plan was formulated from a risk assessment drawn from a wide range of sources including the Council Plan, the Council's strategic risk register, Departmental risk registers, service plans and meetings with Executive Directors and Directors.

2.2 In accordance with the Audit Committee's Terms of Reference this report updates Members on progress against the Plan for the five months to 31 August 2021 and represents work undertaken during that period which is detailed in Appendix 1. An analysis of the progress with the Unit's Key Performance Indicators (KPIs) are detailed in Appendix 2.

2.3 In common with previous years, some work forming part of last year's approved Audit Services Plan (2020-21) was completed and reported in the current year. Audit staff routinely follow up progress against agreed recommendations as part of subsequent work in that area.

Operational Matters

2.4 Whilst the majority of national Covid-19 restrictions have been lifted and elements of normal life have returned, significant aspects of the Council's operations are still encountering resource challenges and subject to local risk assessments for on-site visitors. The initial phases of the Modern Ways of Working (MWoW) project are progressing in terms of County Hall and other administrative accommodation, although the majority of staff who worked from home in 2020, will continue to do so over the next few months. Auditing remotely increases the time required to complete the review and limits the opportunity to assess local risk factors such as health and safety and information security, especially as the audit is restricted to what can be seen on a screen.

2.5 Progress has been made in commencing and delivering reviews within the 2021-22 approved Audit Plan, discussed and agreed with Senior Management, prior to its approval on 23 March 2021. This includes the delivery of operational projects within certain Departments (i.e. Children's Services) and elements of the core finance reviews within Corporate Finance. However, as the halfway point in the year approaches, there are areas where limited audit activity has taken place in either 2020-21 or the current year's Plan. Whilst Audit will continue to deliver the range of reviews within the Plan including establishment and school visits, where possible, the support of senior management to provide resources to complete certain reviews is an ongoing challenge.

Audit Resources

2.6 Unfortunately, as reported to the Audit Committee in previous progress updates, the ability to attract professional audit staff remains an ever-present challenge. Colleagues across the County Council Chief Internal Auditors network report similar problems in the successful recruitment and retention of suitably experience professionals.

2.7 Since the issue of the Annual Audit Report, a Principal Auditor has commenced maternity leave with another submitting their notice to leave the Council at the end of October 2021. Due to the existing Principal Auditor vacancy within the Audit structure, this will place additional pressures at this critical operational level within the Unit. Steps have been taken to seek replacements for the Audit staff and increase resources at this level.

2.8 On a more positive note Dianne Downs has now started with the Council on 6 September 2021 as the new Head of Audit, Insurance and

Risk Management. Following the retirement of Carl Hardman on 31 March 2021, the Council took the opportunity to review reporting and management lines within the Corporate Finance Section and moved responsibility for Insurance and Risk Management. Dianne brings a wealth of experience to the role across a variety of previously held positions, most recently as an Audit Manager at Lincolnshire County Council.

Audit Days

2.9 At 31 August 2021, a total of 983 productive days have been delivered against the pro-rata target of 1,134 days (total planned days for 2021-22 is 2,723).

3. Alternative Options Considered

3.1 The Council has a duty under the Public Sector Internal Audit Standards (PSIAS) to provide an annual Internal Audit Report and Opinion on its governance arrangements. Therefore, no alternative options have been considered.

4. Implications

4.1 Appendix 1 sets out the relevant implications considered in the preparation of the Report.

5. Consultation

5.1 No formal consultation was undertaken in the preparation of this report.

6. Background Papers

6.1 Electronic files and Audit working papers held by Audit Services, Finance & ICT Services, County Hall Complex.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Audit Services Progress Report up to 31 August 2021

8. Recommendation(s)

8.1 That Audit Committee are asked to note the performance of the Audit Services Unit during this period.

Report Authors: **Contact details:**

Dianne Downs dianne.downs@derbyshire.gov.uk

Appendix 1

<u>Implications</u>

Financial

1.1 None.

Legal

2.1 The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control, together with a duty to prepare an Annual Governance Statement.

2.2 Audit Services discharges the Council’s statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015 and fulfils significant aspects of the Director of Finance & ICT’s statutory duties under Section 151 of the Local Government Act 1972.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Annual Report and work of Audit staff supports the 2021-25 Council Plan key actions for high performing, value for money and resident focused services, by independently assessing Council services and activities.

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

7.1 None.

DERBYSHIRE County Council

Audit Services Unit
Progress Against Audit Plan 2021-22
31st August 2021

Background to the Progress Report

At the meeting of this Committee held on 23 March 2021, Members approved the Audit Services Plan for 2021-22, which had been formulated from our risk assessment drawn from a wide range of sources including:

- the Council Plan;
- the Council's Strategic Risk Register;
- Departmental Risk Registers;
- Service Plans; and
- meetings with Executive Directors and Directors. (including Executive Director of Commissioning, Communities and Policy (Head of Paid Service), Director of Finance & ICT (Section 151 Officer) and Director of Legal and Democratic Services (Monitoring Officer).

Contents		Page

In accordance with the Audit Committee's Terms of Reference this report updates Members on progress against the Plan for the five months to 31 August 2021 and represents work undertaken during that period which is detailed in **Appendix 1**. An analysis of the priority criteria for Audit recommendations and assurance levels is also included in **Appendix 1.**

In common with previous years, elements of work forming part of last year's approved Audit Services Plan were completed and reported in the current year. Where appropriate, Audit staff routinely follow up progress against agreed recommendations as part of subsequent work in that area.

All work undertaken by Audit Services' is conducted in accordance with the standards required by the PSIAS and in conformance with the International Standards for the Professional Practice of Internal Auditing. The work of the Unit complies with the Council's Audit Charter, Internal Audit Strategy and Quality Assurance and Improvement Programme which are subject to regular review.

Head of Audit - Audit Opinion

On 20 July 2021, the Annual Audit Report for 2020-21 was presented to the Audit Committee. The Report provided a detailed breakdown of the Audit activity including areas of the Plan that were not delivered due to Audit resources or availability of Departmental staff to support individual reviews. The overall Audit Opinion was of a “Qualified Assurance” in terms of the Council’s arrangements for governance, risk management and control. Whilst the arrangements were generally found to be satisfactory, some enhancements were recommended for senior management to action and improve the control framework

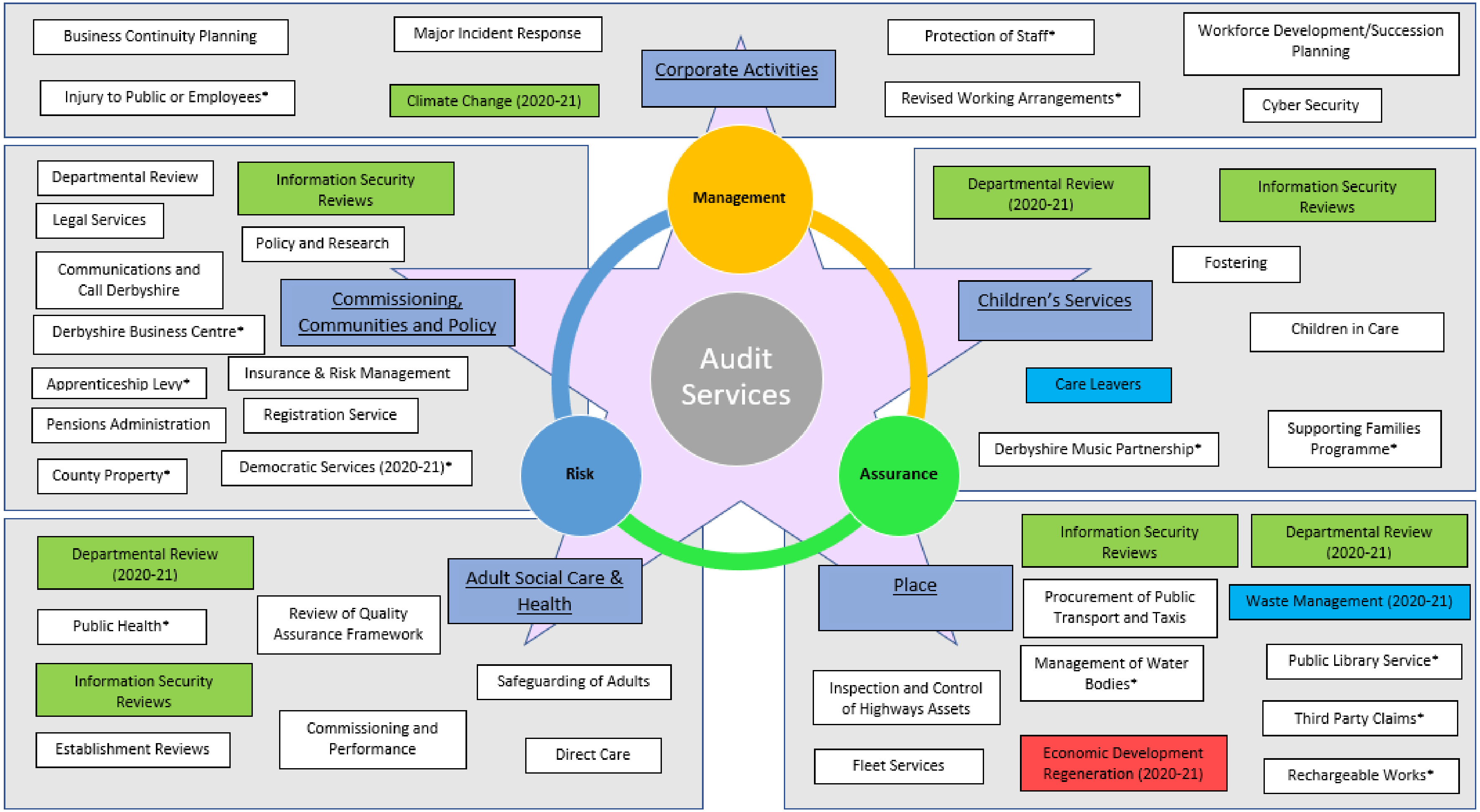
Level of Assurance	Explanation and significance
Substantial Assurance	Whilst there is a sound system of governance, risk management and control minor weaknesses have been identified which include non-compliance with some control processes. No significant risks to the achievement of system/audit area objectives have been detected.
Qualified Assurance	Whilst there is basically a sound system of governance, risk management and control some high priority recommendations have been made to address potentially significant or serious weaknesses and/or evidence of a level of non-compliance with some controls or scope for improvement identified, which may put achievement of system/audit area objectives at risk. Should these weaknesses remain unaddressed they may expose the Council to reputational risk or significant control failure.
Limited Assurance	Significant weaknesses and/or non-compliance have been identified in key areas of the governance, risk management and control system which expose the system/audit area objectives to a high risk of failure, the Council to significant reputational risk and require improvement.
No Assurance	Control has been judged to be inadequate as systems weaknesses, gaps and non-compliance have been identified in numerous key areas. This renders the overall system of governance, risk management and control inadequate to effectively achieve the system/audit area objectives which are open to a significant risk of error, loss, misappropriation or abuse. Immediate remedial action is required.

Members were made aware that whilst it had not been possible to deliver all Audits within the 2020-21 Audit Plan, sufficient coverage/ experience of current processes did allow for an opinion to be provided. However, Audit Committee Members were informed that unless key risk areas within the 2021-22 Audit Plan were undertaken across a range of service areas and functions, it may not be possible to provide a full opinion within next year’s Annual Audit Report.

Currently, progress has been made in commencing and delivering reviews within the 2021-22 approved Audit Plan, discussed and agreed with Senior Management, prior to its approval on 23 March 2021 by the Audit Committee. This includes the delivery of operational projects within certain Departments (i.e. Children’s Services) and elements of the major systems reviews within Corporate Finance. However, I am conscious that nearly halfway into the year, there are areas where limited audit activity has taken place either as part of the 2021-22 Plan or were deferred previously, due to resourcing implications.

Whilst Audit Services will continue to deliver reviews within the Plan, the support of senior management to provide resources to complete agreed reviews, will be critical to enabling an Audit Opinion to be drawn from the activity undertaken within 2021-22.

Summary of Audit Opinions (Reports Issued up to 31 August 2021)



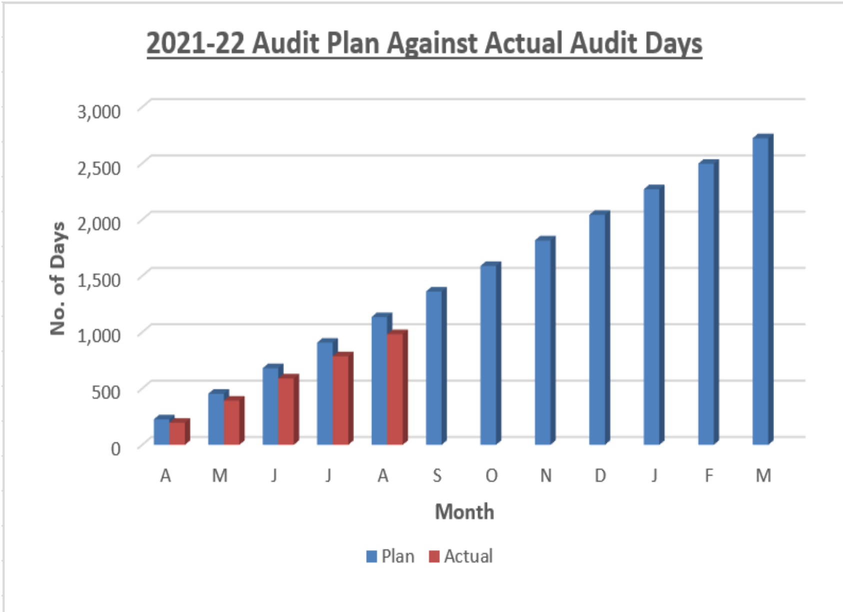
Key Financial Systems	HR Management (2020-21)	Accounts Payable*	Accounts Receivable*	Corporate Purchasing	Asset Management System*	Funds Management (2020-21)	Treasury Management*	Accountancy, Budgetary Control and Financial Resilience (2020-21)
IT & IS Reviews	Network Infrastructure Review	Server Infrastructure Review	Bacs Payment System Review	Microsoft O365	Corporate Database Review			
Governance and Compliance	Audit of Corporate Culture	Data Protection Compliance*	HM Revenue & Customs Compliance*	Health, Safety & Wellbeing	External Grants and Certifications (Including Covid-19)*			

Audit Opinions	**Substantial**	**Qualified**	**Limited**	**No**	* Review in Progress

Current Progress Report

The Covid-19 pandemic continues to impact on the operations of the Council and Internal Audit in 2021. This has required the delay of certain reviews, with it being unclear at this point whether an audit in a particular service area can be delivered within 2021-22 i.e. schools.

Whilst the majority of national Covid-19 restrictions have been lifted and elements of normal life have returned, significant aspects of the Council's operations are still encountering resourcing challenges. The initial phases of the Modern Ways of Working (MWoW) project are progressing in terms of the County Hall and other administrative accommodation, although the majority of staff, are likely to continue to be working remotely in the near future. Auditing remotely (virtual reviews) increases the time required to complete an audit and limits the opportunity to assess local risk factors such as health and safety and information security.



As in the previous year, the Audit Plan is under constant review to take account of changes in the Council's environment and discussions with Management. The current Audit performance against the 2021-22 approved Plan is shown below:

2021-22 Progress	At 31 August 2021
Approved Audit Plan (2,723)	1,134
Actual Productive Days	983
Shortfall in Productive Days Delivered	**151**

Analysis of Audit work including a summary of Reports and Memoranda issued up to 31 August 2021, is provided at **Appendix 1,** with more detailed comments on individual reviews within the main body of this Report.

Audit Resources

Staffing

Unfortunately, as reported to the Audit Committee in previous progress updates the ability to attract professional audit staff remains an ever-present challenge. Colleagues across the County Council Chief Internal Auditors network report similar problems in the successful recruitment and retention of suitably experienced professionals.

Since the issue of the Annual Audit Report, a Principal Auditor has commenced maternity leave with another submitting their notice to leave the Council at the end of October 2021. Due to the existing Principal Auditor vacancy within the Audit structure, this will place additional pressures at this critical operational level within the Unit. Steps have been taken to seek replacements for the Audit staff and increase resources at this level.

On a positive note, Dianne Downs started with the Council on 6 September 2021 as the new Assistant Director of Finance (Audit). Following the retirement of Carl Hardman on 31 March 2021, the Council took the opportunity to review reporting and responsibility lines within the Corporate Finance Section and moved responsibility for Insurance and Risk Management under Dianne's responsibilities. Dianne brings a wealth of experience to the role across a variety of previously held positions, most recently as an Audit Manager at Lincolnshire County Council.

Key Performance Indicators (KPIs)

Details of the Unit's KPIs are summarised in **Appendix 2.**

Annual Review of the County Council's Regulatory Framework

The annual review of the County Council's regulatory framework was scheduled to be reported to Audit Committee on 21 September 2021. As a number of policies and procedures which comprise the Framework are currently under or require review including, Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Whistleblowing Policy, this report will be brought to a future meeting.

Detailed Analysis - Corporate Activities

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	1,060	980	Substantial	-	-
Actual days delivered	546	240	Qualified	6	1
Percentage of Departmental Audits achieved	51.5%	24.5%	Limited	2	-
Number of Reports/ Memoranda Issued	11	2	No	-	-
			Other (including letters)	3	1

<u>Climate Change</u>

The objective of the review was to confirm that operational procedures were in place to meet the Council's Climate Change agenda and that processes were operating efficiently in accordance with statutory and regulatory requirements. The Audit confirmed that governance arrangements had been developed, with overall responsibility for overseeing individual projects assigned a responsible officer. A Climate Change and Environment Board has been established.

Ongoing work will be required moving forward to plan for negative climate events, which could have a significant impact across the County. As such, it is considered that a Climate Change specific Business Continuity Plan would be beneficial as would further developments of the Council's risk registers in respect of Climate Change.

<u>Meetings and Support</u>

In addition to our programme of Audits, the Unit assists Management with the provision of ongoing support, advice, attendance at various meetings including those with Departmental staff and project boards. Audit staff promote the principles of good governance and control frameworks. Key groups attended in this period include the Governance Group and Information Governance Group.

Detailed Analysis - Commissioning, Communities and Policy

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	705	785	Substantial	5	2
Actual days delivered	679	270	Qualified	12	3
Percentage of Departmental Audits achieved	96%	34.4%	Limited	2	1
Number of Reports/ Memoranda Issued	21	6	No	-	-
			Other (including letters)	2	-

<u>Human Resources Management</u>

The Human Resources (HR) function is responsible for delivering the Council's HR Strategy and administering total monthly payroll payments for more than 18,500 staff. The review examined payroll administration, employee payments and deductions and performance management. The Audit confirmed that systems and controls surrounding payroll administration were generally adequate and operating effectively and that the service has continued to work effectively during the pandemic given the challenges of remote working. Improvements were recommended to strengthen processes related to the documentation to support a pay adjustment, with supporting evidence not always on file to evidence changes.

<u>Accountancy, Budgetary Control and Financial Resilience</u>

The Council has established robust budget setting and monitoring arrangements. These have been further strengthened in the twelve months prior to Audit by the introduction of a combined quarterly Performance and Financial Monitoring Report. Further detailed work has been undertaken on compliance with the CIPFA Financial Management Code, the application of the going concern basis in the preparation of the annual accounts and financial resilience in recent months. Whilst a number of recommendations were made, no high priority issues were identified during the Audit.

Funds Management

Derbyshire County Council is the administering authority for the Derbyshire Pension Fund. The Fund includes more than 300 employers and 100,000 members and is administered in accordance with the Local Government Pensions Scheme (LGPS) Regulations 2013. In order to safeguard Fund assets and generate the investment returns needed to finance pension payments due to Fund members, the Council has produced a Pension Fund Service Plan, Investment Strategy Statement (including a Responsible Investment Framework and Climate Strategy), Communications Strategy and Governance Policy and Compliance Statement. In addition, a Strategic Asset Allocation Benchmark is in place which details how Fund assets should be invested in order to balance risk and reward.

The Council has established a governance framework, staffing structure, supporting systems and processes which are appropriate for the effective discharge of its duties as administering authority of the Derbyshire Pension Fund. Whilst minor improvements have been raised with senior management, the review did not identify any significant control weaknesses in relation to the administration of the Fund and the management of Fund assets.

Commissioning, Communities and Policy IT Systems and Information Security

A number of new IT systems and information security arrangements were reviewed including enhancements to the Council's Pensions IT application and mobile device management procedures. In respect of mobile device management, it was recognized that a number of issues identified are likely to be addressed as the Council moves forward with its ICT Strategy and revised staffing structure. However, as new procedures are implemented it is important that an appropriate control framework is built in, as systems/procedures are redesigned.

Meetings and Support

In addition to our programme of Audits, the Unit assists Management with the provision of ongoing support, advice, attendance at various meetings including those with Departmental staff and project boards. Audit staff promote the principles of good governance and control frameworks. Key groups attended in this period included Finance Officers', GDPR, SAP Implementation Project Board and Cloud Centre of Excellence Board

Detailed Analysis – Children's Services

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	650	475	Substantial	1	1
Actual days delivered	390	83	Qualified	19*	2
Percentage of Departmental Audits achieved	60%	17.5%	Limited	1*	-
Number of Reports/ Memoranda Issued	22*	3	No	-	-
			Other (including letters)	1	-

(*2020-21 - Includes 11 primary school 'virtual' audits).

Children's Services Departmental Review

The Departmental review evaluated compliance with statutory and regulatory requirements, strategic planning and governance arrangements, budgetary control, risk management, supply chain, human resources and the ISO27001 information security framework. Overall, the review confirmed that the majority of key administration procedures were operating satisfactorily, with a clear senior management framework to monitor the Department's compliance and performance requirements.

Main areas for improvement focused on the consistency when following the Council's Attendance Management and Ill Health Capability Procedures and, in some cases, evidence to support certain actions taken by line managers. Matters raised previously in respect of the Synergy IT System used within the Department, were found not to have been fully addressed.

Care Leavers

Support must be offered to care leavers up until they reach 25 years old in order to comply with the Children and Social Work Act 2017. The Children (Leaving Care) Act 2000 was established following the publication of the consultation document *'Me, Survive, Out There?'* which set out a number of proposals for improving the prospects of young people in

Local Authority Care. The review identified that the Council has fully considered care leavers by including them within the Council Plan and Departmental Service Plans. Processes and procedures have also been put in place to manage the day to day running of the service and ensure its success.

Children's Services IT Systems and Information Security

Audit staff continue to work with Departmental and procurement colleagues on a range of information security reviews, with the findings from the Traded Services IT solution audit being reported in this period. Although the Audit due diligence and completed security questionnaire identified a satisfactory core framework of information security procedures, additional work is required by the Council to strengthen the current control framework configured within the IT solution.

Detailed Analysis – Adult Social Care and Health

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	299	303	Substantial	0	-
Actual days delivered	245	98	Qualified	5	4
Percentage of Departmental Audits achieved	82%	32.3%	Limited	3	-
Number of Reports/ Memoranda Issued	9	4	No	-	-
			Other (including letters)	1	-

<u>Adult Social Care and Health Departmental Review</u>

The Departmental review evaluated compliance with statutory and regulatory requirements, strategic planning and governance arrangements, budgetary control, risk management, supply chain, human resources and the ISO27001 information security framework. In the past year the Department, together with the wider Council, adapted its service provision and governance structures in response to the pandemic. Residential and day care settings have been closed to visitors and staff working in those settings, together with those providing home care, have been required to work in highly pressurised and constantly changing environments.

Whilst the majority of the core governance processes were operating satisfactorily, areas for further development were reported to senior management including elements of business continuity testing and monitoring of staff who may be working hours above the Working Time Regulations 1998.

<u>Adult Social Care and Health IT Systems and Information Security</u>

A number of new IT systems and information security arrangements were reviewed including the Mosaic Mobile App and Family Weight Management Programme. During the reviews, Audit worked with Departmental staff and external suppliers to assess compliance with the Council's Supplier Information Security Policy (SISP) and make recommendations where appropriate. As a result of the findings from the reviews, supplier feedback and notified implementation of the Audit recommendations, Audit did not identify any significant outstanding matters that would have adversely impacted the use of the IT application/ service.

Detailed Analysis – Place

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	170	180	Substantial	-	1
Actual days delivered	132	109	Qualified	3	2
Percentage of Departmental Audits achieved	77%	60.6%	Limited	-	-
Number of Reports/ Memoranda Issued	4	4	No	-	1
			Other (including letters)	1	-

<u>Waste Management</u>

The Council, in conjunction with Derby City Council and local Waste Collection Authorities, have established a contractual and governance framework to ensure that it effectively discharges its waste disposal responsibilities in accordance with s.51 Environmental Protection Act 1990. Oversight is provided by the Derbyshire Waste Partnership (DWP), the Cabinet Member for Infrastructure and Environment and Cabinet. The review identified that these governance arrangements were generally operating effectively.

In the coming years, the Council will complete a number of procurement exercises in respect of waste management. These exercises will seek to ensure that the Council and its partners can continue to deliver an effective waste collection and disposal service for Derbyshire, which is aligned to the outcomes of the 'Our Waste, Our Resources: A Strategy for England' consultation exercises. As part of this process, it will be important for a new Waste Management Strategy and associated Action Plan to be developed and maintained to ensure that services are delivered efficiently and effectively.

<u>Economic Development Regeneration</u>

The primary objective of this follow-up review was to confirm the progress made by Senior Management towards the implementation of the previously agreed Audit recommendations made in the Audit Services Memorandum issued on 17 July 2018. Throughout the follow up review, there was a lack of information provided, which resulted in Audit Services not being able to provide any independent assurance on the effectiveness of the system of internal control in place.

Place IT Systems and Information Security

Audit staff continued to work with Departmental and procurement colleagues on a range of information security reviews. Whilst a number of projects remain ongoing including the procurement of an Asset Management IT solution, the outcome of the Fuel Access Control & Monitoring IT system review was reported in this period. Whilst, on the whole, the IT solution had a core control framework in place including user permissions and elements of an authentication framework, improvements were raised with the supplier and Department to improve transparency within the application.

Appendix 1 - Progress Against the 2021-22 Audit Plan

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Corporate Activities – The 2021-22 Audit Plan included an allocation of 980 days over the following areas												
Corporate Projects												
➢ VP018 East Midlands Broadband (emPSN)	-	-	1	-	-	-	-	-	-	-	-	
VP037 Workforce Development/ Succession Planning	30	-	1	-	-	-	-	-	-	-	-	
VP044 D2N2 LEP	45	-	36	-	-	-	-	-	-	-	-	
➢ VP050 Review of Grants Admin	-	-	6	-	-	-	-	-	-	-	-	
VP053 Cyber Security Review	20	-	-	-	-	-	-	-	-	-	-	
VP055 Corporate Culture	30	-	-	-	-	-	-	-	-	-	-	
VP058 Serious & Organised Crime	10	-	-	-	-	-	-	-	-	-	-	
➢ VP060 Protection of Staff	-	-	10	-	-	-	-	-	-	-	-	
➢ VP061 Injury to Public or Employees re. Use of Land, Buildings & Assets	-	-	6	-	-	-	-	-	-	-	-	
VP062 Data Protection Compliance	20	-	-	-	-	-	-	-	-	-	-	
VP064 New Delivery & Commissioning Models/Partnership Working	30	-	-	-	-	-	-	-	-	-	-	
VP067 Climate Change	30	20	-	N/A	Qualified	⟺	0	1	3	2	0	Memo relates to 2020-21
VP068 Major Incident Response	30	-	-	-	-	-	-	-	-	-	-	
➢ VP069 Fraud Awareness	-	10	-	-	-	-	-	-	-	-	-	
VP070 Revised Working Arrangements	30	-	10	-	-	-	-	-	-	-	-	
Total	**275**	**30**	**70**	**-**	**1 x Qualified**	**-**	**0**	**1**	**3**	**2**	**0**	
Corporate Governance												
CO002 Business Continuity Planning	20	-	4	-	-	-	-	-	-	-	-	
CR001 Embedding Corporate Governance	70	-	30	-	-	-	-	-	-	-	-	
CR006 Corporate Health Check	20	-	-	-	-	-	-	-	-	-	-	
CR007 Information Governance Group & Support	20	-	17	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
CR009 Data Protection Compliance	20	-	20	-	-	-	-	-	-	-	-	
Total	**130**	**-**	**71**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Corporate Fraud Prevention												
CZ100 External Audit Liaison	5	-	-	-	-	-	-	-	-	-	-	
CZ200 National Fraud Initiative	20	-	46	-	-	-	-	-	-	-	-	
CZ300 National Anti-Fraud Network	10	1	2	-	-	-	-	-	-	-	-	
CZ400 RIPA Management & Admin	10	-	-	-	-	-	-	-	-	-	-	
ZZ000 Internal Audit-Special Investigations General	280	19	34	N/A	Letter	N/A	0	0	0	0	0	
Total	**325**	**20**	**82**	**-**	**1 x Letter**	**-**	**0**	**0**	**0**	**0**	**0**	
Strategic Management												
VW001 Strategic Management	50	-	17	-	-	-	-	-	-	-	-	
Total	**50**	**-**	**17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Audit Planning Contingency												
XX000 Audit Planning Contingency	200	-	-	-	-	-	-	-	-	-	-	
Total	**200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Corporate Activities Total	**980**	**50**	**240**	**-**	**1 x Qualified 1 x Letter**	**-**	**0**	**1**	**3**	**2**	**0**	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Commissioning, Communities and Policy Department - The 2021-22 Audit Plan included an allocation of 785 days over the following areas												
Departmental Review - Management & Administration (CCP)												
CA100 Commissioning, Communities and Policy Departmental Review	60	6	11	-	-	-	-	-	-	-	-	
CA102 External Grants and Certifications	10	-	2	-	-	-	-	-	-	-	-	
Total	**70**	**6**	**13**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
CCP Operational Reviews												
CO003 Derbyshire Business Centre	20	-	2	-	-	-	-	-	-	-	-	
CO006 Public Library Service (Transferred to Place wef 1 July 2021)	20	-	17	-	-	-	-	-	-	-	-	
➢ CO007 Democratic Services	-	27	-	-	-	-	-	-	-	-	-	
CO008 Communications and Call Derbyshire	25	-	-	-	-	-	-	-	-	-	-	
CO010 Policy and Research	25	-	-	-	-	-	-	-	-	-	-	
CO011 Legal Services	25	-	-	-	-	-	-	-	-	-	-	
➢ CO012 Derbyshire Records Office & Records Management	-	-	4	-	-	-	-	-	-	-	-	
CO013 Apprenticeship Levy	10	-	13	-	-	-	-	-	-	-	-	
Total	**125**	**27**	**36**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Divisional Activity – Major Systems												
MA100 Core Financial Systems – General Queries	5	-	10	-	-	-	-	-	-	-	-	
MB100 Human Resources Management	40	19	-	Substantial	Qualified	↓	0	1	6	6	4	Memo relates to 2020-21 audit
MC100 Accounts Payable	40	-	5	-	-	-	-	-	-	-	-	
MD100 Corporate Purchasing	40	22	-	-	-	-	-	-	-	-	-	
ME100 Accounts Receivable	35	-	7	-	-	-	-	-	-	-	-	
MG100 Accountancy, Budgetary Control and Financial Resilience	45	-	-	Qualified	Substantial	↑	0	0	9	6	6	Memo relates to 2020-21 audit
MK100 Asset Management System	30	-	6	-	-	-	-	-	-	-	-	
ML100 Funds Management	50	2	-	Substantial	Substantial	↔	0	0	2	3	2	Memo relates to 2020-21 audit
➢ MM100 Treasury Management	-	-	29	-	-	-	-	-	-	-	-	
Total	**285**	**43**	**57**	**-**	**2 x Substantial**	**-**	**0**	**1**	**17**	**15**	**12**	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
					1 x Qualified							
Divisional Activity – Probity and Compliance												
DC200 HM Revenue & Customs Compliance	20	-	7	-	-	-	-	-	-	-	-	
DC300 Health, Safety & Wellbeing	20	-	-	-	-	-	-	-	-	-	-	
DC400 Financial Regulations & Standing Orders	5	-	-	-	-	-	-	-	-	-	-	
DE101 Cash Audit & ISO 27001 Visits	20	-	16	-	-	-	-	-	-	-	-	
DE400 Pensions Administration	25	-	-	-	-	-	-	-	-	-	-	
DE500 Insurance & Risk Management	30	-	29	-	-	-	-	-	-	-	-	
Total	**120**	**-**	**52**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Divisional Activity – Corporate/ Departmental IT Systems												
CK003 Network Infrastructure Review	20	-	-	-	-	-	-	-	-	-	-	
CK004 Server Infrastructure Review	20	-	-	-	-	-	-	-	-	-	-	
CK006 Bacs Payment System Review	20	-	-	-	-	-	-	-	-	-	-	
CK002 Corporate Database Review	15	-	-	-	-	-	-	-	-	-	-	
Information Security and Follow Up Reviews	60	1	65	N/A	2 x Qualified 1 x Limited	⟺	0	16	16	3	0	Including existing corporate IT solutions and new IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: • AVC Wise IT solution • Member Self Service IT solution • Mobile Device Management IT solution
Total	**135**	**1**	**65**	**-**	**2 x Qualified 1 x Limited**	**-**	**0**	**16**	**16**	**3**	**0**	
Divisional Activity – County Property Division												
DV100 Property Services Review	30	-	47	-	-	-	-	-	-	-	-	
Total	**30**	**-**	**47**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Regulatory												
QE100 Registration Service Audit Review	20	-	-	-	-	-	-	-	-	-	-	
Total	**20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Departmental Total	**785**	**77**	**270**	**-**	**2 x Substantial 3 x Qualified 1 x limited**	**-**	**0**	**17**	**33**	**18**	**12**	

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Name	Planned Days	Actual Days 20-21	Actual Days 21-22	Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations Critical	High	Medium	Low	Previous Recs Not Implemented	Comments
Children's Services Department – The 2021-22 Audit Plan included an allocation of 475 days over the following areas												
Departmental Review – Management & Administration (CS)												
AA001 Children's Services – Departmental Review	45	1	3	Qualified	Qualified	↔	0	3	9	3	9	Memo relates to 2020-21 audit
AA004 Information Security and Follow Up Reviews	35	-	7	N/A	Qualified	↔	0	1	5	0	0	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: • S4S Traded Services IT solution
External Grants and Certifications	15	-	9	-	-	-	-	-	-	-	-	
Total	**95**	**1**	**19**	**-**	**2 x Qualified**	**-**	**0**	**4**	**14**	**3**	**9**	
Primary, Nursery & Special Schools												
Primary, Nursery & Special Budget	160	-	-	-	-	-	-	-	-	-	-	
Total	**160**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Secondary Schools												
Secondary Schools	14	-	-	-	-	-	-	-	-	-	-	
Total	**14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Schools General Support												
Schools General Support	30	**-**	**6**	-	-	-	-	-	-	-	-	
Total	**30**	**-**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	
School - Information Security Reviews												
Information Security Reviews	35	-	-	-	-	-	-	-	-	-	-	
Total	**35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Children's Homes												
Children's Homes	16	-	-	-	-	-	-	-	-	-	-	
Total	**16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Themed and Operational												
AO009 Care Leavers	-	-	32	Qualified	Substantial	↑	0	0	3	3	3	
AO013 Supporting Families	30	-	9	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
AO005 Fostering	25	-	-	-	-	-	-	-	-	-	-	
AO020 Derbyshire Music Partnership	20	-	17	-	-	-	-	-	-	-	-	
AO022 Impact of Children in Care	25	-	-	-	-	-	-	-	-	-	-	
AO016 Starting Point	25	-	-	-	-	-	-	-	-	-	-	
Total	**125**	**-**	**58**	**-**	**1 x Substantial**	**-**	**0**	**0**	**3**	**3**	**3**	
Departmental Total	**475**	**1**	**83**	**-**	**1 x Substantial 2 x Qualified**	**-**	**0**	**4**	**17**	**6**	**12**	

Name	Planned Days	Actual Days 20-21	Actual Days 21-22	Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations Critical	High	Medium	Low	Previous Recs Not Implemented	Comments
Adult Social Care and Health Department – The 2021-22 Audit Plan included an allocation of 303 days over the following areas												
Departmental Management and Administration Review												
BA001 Departmental Review Management and Administration	45	1	8	Qualified	Qualified	⟺	0	4	12	10	13	Memo relates to 2020-21 audit
Total	**45**	**1**	**8**	**-**	**1 x Qualified**	**-**	**0**	**4**	**12**	**10**	**13**	
Public Health												
BD001 Public Health	25	-	37	-	-	-	-	-	-	-	-	
Total	**25**	**-**	**37**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	
Information Security and Follow Up Reviews												
Information Security and Follow Up Reviews	70	9	30		3 x Qualified	⟺	0	2	10	0	0	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: • Welfare Rights • Mosaic Client Management IT solution • S12 Solutions App • Stakeholder Engagement Family Weight Management Project • Derbyshire Health Trainers Project • Relationship & Sexual Education Project
Total	**70**	**9**	**30**	-	**3 x Qualified**	-	**0**	**2**	**10**	**0**	**0**	
External Grants and Certifications												
External Grants and Certifications	15	-	17	-	-	-	-	-	-	-	-	
Total	**15**	**-**	**17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Social Care – Elderly Residential												
Elderly Residential	16	-	-	-	-	-	-	-	-	-	-	
Total	**16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Social Care - Day Care - Physical/Mental Disability												
Day Care - Physical/Mental Disability	12	-	-	-	-	-	-	-	-	-	-	
Total	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Social Care - Day Care & Hostels												

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Day Care & Hostels	12	-	-	-	-	-	-	-	-	-	-	
Total	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Social Care - Community Care Centres												
Community Care Centres	8	-	-	-	-	-	-	-	-	-	-	
Total	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Themed and Operational												
➢ BO017 Disabled Facilities Grants Administration	-	4	-	-	-	-	-	-	-	-	-	
BO026 Review of Quality Assurance Framework	25	-	-	-	-	-	-	-	-	-	-	
BO010 Commissioning and Performance	25	-	-	-	-	-	-	-	-	-	-	
BO028 Safeguarding of Adults	25	-	3	-	-	-	-	-	-	-	-	
BO029 Direct Care	25	-	3	-	-	-	-	-	-	-	-	
Total	**100**	**4**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Departmental Total	**303**	**14**	**98**	**-**	**4 x Qualified**	**-**	**0**	**6**	**22**	**10**	**13**	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Place Department – The 2021-22 Audit Plan included an allocation of 180 days over the following areas												
Departmental Management & Administration Review												
HA100 Place – Departmental Review	45	14	2	Qualified	Qualified	⟺	0	1	10	4	6	Memo relates to 2020-21 audit
Total	**45**	**14**	**2**	**-**	**1 x Qualified**	**-**	**0**	**1**	**10**	**4**	**6**	
Information Security and Follow Up Reviews												
HA103 Information Security and Follow Up Reviews	15	-	29	N/A	Qualified	⟺	0	1	4	0	0	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: • Fuel Card Procurement • Chipside Parking Enforcement • Highways Materials Laboratory • DHART Project • Asset Management Solution
Total	**15**	**0**	**29**	**-**	**1 x Qualified**	**-**	**0**	**1**	**4**	**0**	**0**	
External Grants and Certifications												
External Grants and Certifications	20	-	12	-	-	-	-	-	-	-	-	
Total	**20**	**-**	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Themed and Operational												
HO001 Waste Management	10	23	-	Substantial	Substantial	⟺	0	0	1	3	1	Memo relates to 2020-21 audit
➢ HO013 Third Party Claims Review	-	-	18	-	-	-	-	-	-	-	-	
HO020 Procurement of Public Transport and Taxis (including Home to School Transport and Vetting Contractors	25	-	-	-	-	-	-	-	-	-	-	
➢ HO024 Economic Development Regeneration	-	4	-	Qualified	No Assurance	⇩	0	4	10	3	17	Memo relates to 2020-21 audit
HO025 Fleet Services	25	-	-	-	-	-	-	-	-	-	-	
HO030 Inspection and Control of Highway Assets	20	-	-	-	-	-	-	-	-	-	-	
HO032 Management of Water Bodies	20	-	27	-	-	-	-	-	-	-	-	
➢ HO033 Community Renewal Fund	-	-	5	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
➢ HO034 Rechargeable Works	-	-	16	-	-	-	-	-	-	-	-	
Total	**100**	**27**	**66**	**-**	**1x Substantial 1 x No Assurance**	**-**	**0**	**4**	**11**	**6**	**18**	
Departmental Total	**180**	**41**	**109**	**-**	**1x Substantial 2 x Qualified 1 x No Assurance**	**-**	**0**	**5**	**15**	**10**	**24**	

Note 1 - As reported to Audit Committee on 2 February 2021 - Unable to progress due to the Covid-19 pandemic.

Audit Opinions are categorized based upon the assurance that Management may draw on the adequacy and effectiveness of the overall control framework in operation as follows:

Level of Assurance	Explanation and significance
Substantial Assurance	Whilst there is a sound system of control minor weaknesses have been identified which include non-compliance with some control processes. No significant risks to the system/audit area objectives have been detected.
Qualified Assurance	Whilst there is basically a sound system of control some high priority recommendations have been made to address potentially significant or serious weaknesses and/or evidence of a level of non-compliance with some controls identified which may put system/audit area objectives at risk. Should these weaknesses remain unaddressed they may expose the Council to reputational risk or significant control failure.
Limited Assurance	Significant weaknesses and/or non-compliance have been identified in key areas of the control system which expose the system/audit area to a high risk of failure and the Council to significant reputational risk.
No Assurance	Control has been judged to be inadequate as systems weaknesses have been identified in numerous key areas rendering the overall system of internal control ineffective and leaving the system/audit area open to a significant risk of error, loss, misappropriation or abuse.

Audit Recommendations are prioritized depending upon the level of associated risk and impact upon the management control framework as follows:

Level	Category	Explanation and significance
1	**Critical**	Significant strategic, financial or reputational risks where immediate remedial action is considered essential.
2	**High**	The absence of, significant weakness in, or inadequate internal controls over the operation of key systems or processes which compromise the integrity/probity of the client's operations. These would result in a potential significant increase in the level of risk exposure which may be financial, reputational or take the form of an increased risk of litigation.
3	**Medium**	Findings which identify poor working practices or non-compliance with established systems or procedures which result in increased risk of loss/inefficient operation and which expose the client to an increased level of risk.
4	**Low**	General housekeeping issues which require consideration and a planned implementation date within the medium term.

Appendix 2 - Key Performance Indicators 2020-21

Indicator	Target	2019-20	2020-21	2021-22	Comments
Audit Plan – Achievement of planned Audit days	**95%**	**84.4%**	**86.7%**	**-**	
Staff Productivity – Achievement of target Audit days	**95%**	**95%**	**104%**	**-**	
Completion of Audit staff MyPlan reviews and training identified	**100%**	**100%**	**100%**	**100%**	
Undertake a risk based Annual Audit Plan formulation exercise	**N/A**	✓	✓	✓	
Undertake quality assurance reviews of Audits (1 for each Principal Auditor per year)	**100%**		**100%**	**-**	
Limited Audit Opinions reviewed by Assistant Director of Finance (Audit) within 10 days of completion of Draft Memorandum	**100%**		**57%**	**100%**	
Percentage of Draft Audit Memoranda issued within 15 working days of fieldwork completion	**95%**		**48.68%**	**31.58%**	
Percentage of Final Audit Memoranda issued within 28 working days of issue of Draft Audit Memorandum	**95%**		**47.37%**	**75%**	
Percentage of Recommendations made which are implemented at the time of follow up Audit	**90%**		**71%**	**66.85%**	
Audit Assurance – To provide an assurance to the Authority on the adequacy and effectiveness of risk management, control and governance processes	**N/A**	✓	✓	**-**	
Client Satisfaction – Percentage of questionnaire responses rating the Audit Product as good or very good	**90%**	**92.31%**	**87.50%**	**0%**	2 Responses relating to schools with limited assurance in 2020-21
Annual Survey of Key Stakeholders	**N/A**	✓	✓	**-**	
Delivery of Audit Opinion to Management and Audit Committee in time to inform AGS	**N/A**	✓	✓	**-**	

Audit Progress Report

Derbyshire Pension Fund – Year ended 31 March 2021

September 2021

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Agenda Item 7

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Contents

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

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

- Management override of controls; and
- Valuation of investments within level 3 of the fair value hierarchy.

Based on the audit work completed to date there are no identified significant control deficiencies and no unadjusted misstatements envisaged that we are required to report to the Audit Committee.

Status and audit opinion

To-date we have completed a substantial proportion of our fieldwork on the financial statements for the year ended 31 March 2021. At this present time we envisage giving our opinion in November 2021 in line with the proposed timeframe for issuing our audit report on Derbyshire County Council's financial statements.

At the time of preparing this report, there are some matters outstanding as outlined in section 2. We will provide an update to you in relation to the matters outstanding through our Audit Completion Report. Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:

Audit opinion
We anticipate issuing an unqualified opinion, without modification, on the financial statements.

Consistency report
We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Derbyshire County Council.

Wider powers
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. No objections or questions from local electors have been received.

1. Executive summary

COVID-19 impacts

The implications of the pandemic required remote working in relation to this audit. Whilst auditing on a remote basis was challenging, we have been able to work in liaison with the finance team to deliver the audit and wish to thank them for their support.

02

Section 02:

Status of the audit

2. Status of the audit

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

Audit area	Status	Description of the outstanding matters
Investments		Our review of the third party confirmations received is not yet fully complete.
Consistency opinion		We have not yet received a draft of the Pension Fund Annual Report. We will in due course compare the revised Pension Fund financial statements (within the Statement of Accounts of the Council) with the Pension Fund financial statements within the Pension Fund's Annual Report.
Finalised financial statements		The Pension Fund has revised its financial statements to reflect the updated valuations it has received from fund managers. Following consideration of the revised valuations we are completing our checks on the revised financial statements before giving our opinion.
Audit Quality Control and Completion Procedures		Our audit work, including the specific procedures carried out in relation to the significant audit risks identified, is yet to undergo the final stages of review by the Engagement Lead. In addition, there are residual procedures to complete, including completing our internal technical consultations on the proposed audit opinion and the updated financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.

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

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

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

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £46.6 million using a benchmark of 1% of net assets available to pay benefits. We also set a separate provisional specific materiality for the fund account of £17.3 million at the planning stage of the audit using a benchmark of the higher of 10% of contributions receivable and 10% of benefits payable.

Our final assessment of materiality, based on the final financial statements and qualitative factors was set using the same benchmarks:

- Statement materiality £56.9 million.
- Fund account specific materiality £19.1 million.

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04

Section 04:

Significant findings

4. Significant findings

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

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. We currently envisage concluding that the financial statements have been prepared in accordance with the financial reporting framework; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	**Description of the risk** In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion Our work to date has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

4. Significant findings

Valuation of investments within level 3 of the fair value hierarchy

Description of the risk

At 31 March 2021 the Pension Fund held investments which were not quoted on an active market with a fair value of £3,036.4 million, accounting for 53.5 per cent of the Fund's net investment assets. This included: Alternatives including tracker funds (£2,216.6m), Property (£407.1m), Infrastructure (£268.6m) and Private Equity (£144.1m). Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.

As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances for 2020/21 due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.

How we addressed this risk

We addressed this risk by completing the following additional procedures:

- agreeing the valuation included in the Pension Fund's underlying financial systems to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;
- agreeing holdings from fund manager reports to the custodian's report;
- agreeing the investment manager valuation to audited accounts or other independent supporting documentation, where available;
- reviewing the valuation methodologies through review of accounting policies within audited financial statements and challenge of the fund manager, where required;
- where audited accounts are available, check that they are supported by a clear opinion; and

Valuation of investments within level 3 of the fair value hierarchy (cont'd)

How we addressed this risk (cont'd)

- where available, reviewing independent control assurance reports to identify any exceptions that could present a risk of material misstatement in the Pension Fund's financial statements.

Audit conclusion

Subject to completion of the outstanding matters on page 7, our work has provided the assurance we sought in the above areas. It has however highlighted a difference between the valuation of investments in the initial set of accounts prepared and the final version of the accounts on which we will be giving our opinion. This difference resulted from the timing of valuations received from fund managers. The adjusted misstatement involved is detailed on page 17 of this report.

4. Significant findings

Qualitative aspects of the Fund’s accounting practices

We have reviewed the Fund's accounting policies and disclosures and our work to date has concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances..

In line with our expectations, there have been no significant changes to accounting policies for the year ended 31 March 2021.

Draft accounts were received from the Fund on 10 June and were of a good quality.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. It is however worth noting that our audit work has been completed through remote working arrangements as a result of the constraints imposed by the COVID-19 pandemic. Whilst challenging at times, through the effective use of technology and close liaison with finance and other officers of the Fund these challenges were overcome.

Wider responsibilities

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

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

We have not to date exercised any of these powers as part of our 2020/21 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.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

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

Our work to date has not identified any internal control issues to bring to your attention. Should any issues arise during the completion of our audit, these will be reported to the Audit Committee in a follow-up letter.

06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit to date, above the trivial threshold for adjustment of £1.7 million. Where the draft accounts are formally signed and published in accordance with the Regulations any subsequent amendments are referred to as misstatements. This is the case even if such amendments are inevitable and result from the timing of the information available from investment fund managers as is the case this year. The change to the accounts detailed below was identified and proposed by officers from proactively tracking the asset changes from the information received. It is our current understanding that there will be no unadjusted misstatements in relation to the Pension Fund's 2020/21 financial statements. The table below outlines our current understanding of the misstatements that have been adjusted by management.

Adjusted misstatements

		Fund Account		Net Assets Statement	
		Dr (£m)	**Cr (£m)**	**Dr (£m)**	**Cr (£m)**
1	Dr: Investments – Managed Funds Cr: Change in Market Value Difference between valuation of unquoted investments per pension fund accounts and third party confirmations received after the year-end		18.841	18.841	
	Total adjusted misstatements		18.841	18.841	

Disclosure amendments

A number of minor disclosure amendments have been made in response to the review of the Pension Fund's financial statements by our technical team. All such matters have been addressed in the final version of the Pension Fund's financial statements.

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