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PUBLIC

To: Members of Council

Tuesday, 25 January 2022

Dear Councillor,

Please attend a meeting of the **Council** to be held at **2.00 pm** on **Wednesday, 2 February 2022** 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

PART I - NON-EXEMPT ITEMS

1. To receive apologies for absence (if any)

2. To receive declarations of interest (if any)

3. Chairman of the County Council's announcements

4. To confirm the minutes of the meeting of the Council held on 1 December 2021 (Pages 1 - 40)

5. To consider the report of the Leader of the Council and Members'

questions on the report

6. To consider public questions (if any)

7. To receive petitions (if any)

8. To receive questions from Elected Members (if any)

To consider reports as follows:

9 (a) Statement of Accounts 2020-21 - Executive Director Corporate Services & Transformation (Pages 41 - 336)

9 (b) Performance Monitoring and Budget Monitoring/Forecast Outturn 2021-22 as at Quarter 2 (30 September 2021) - Managing Director & Executive Director Corporate Services & Transformation (Pages 337 - 454)

9 (c) Reserves Position and Reserves Policy - Managing Director & Executive Director Corporate Services & Transformation (Pages 455 - 474)

9 (d) Budget Consultation Results - Managing Director & Executive Director Corporate Services & Transformation (Pages 475 - 516)

9 (e) Revenue Budget Report 2022-23 - Managing Director & Executive Director Corporate Services & Transformation (Pages 517 - 642)

9 (f) Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23 - Executive Director Corporate Services & Transformation (Pages 643 - 698)

9 (g) Appointment of External Auditor - Executive Director Corporate Services & Transformation (Pages 699 - 712)

9 (h) Derbyshire Pension Board - Executive Director Corporate Services & Transformation (Pages 713 - 726)

9 (i) Revisions to Council Constitution: Review of Council Procedure Rules - Director of Legal & Democratic Services & Monitoring Officer (Pages 727 - 758)

9 (j) Decisions taken as a matter of Urgency and Key Decisions and Special Urgency - Director of Legal & Democratic Services & Monitoring Officer (Pages 759 - 772)

10. To consider the following Motion

10 (a) Motion proposed by Councillor W Major (Pages 773 - 776)

PUBLIC

MINUTES of a meeting of **COUNCIL** held on Wednesday, 1 December 2021 in Members Room, County Hall, Matlock.

PRESENT

Councillor T Ainsworth (in the Chair)

Councillors D Allen, K S Athwal, N Atkin, J Barron, B Bingham, S Bull, S Burfoot, A Clarke, C Cupit, A Dale, C Dale, J Dixon, R Flatley, M Ford, E Fordham, A Foster, M Foster, R George, A Gibson, K Gillott, N Gourlay, D Greenhalgh, A Griffiths, L Grooby, C Hart, A Hayes, G Hickton, R Iliffe, T King, G Kinsella, B Lewis, R Mihaly, P Moss, D Muller, G Musson, J Nelson, P Niblock, R Parkinson, J Patten, L Ramsey, R Redfern, C Renwick, P Rose, J Siddle, P Smith, S Spencer, A Stevenson, A Sutton, S Swann, D Taylor, J Wharmby, D Wilson, J Woolley and M Yates.

75/21 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors R Ashton, D Collins, S Hobson, N Hoy, J M Innes, T A Kemp, W Major, D Murphy and B Woods.

76/21 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

77/21 CHAIRMAN OF THE COUNTY COUNCIL'S ANNOUNCEMENTS

Following comments received at the last meeting in respect of the Minutes and the recording of responses to questions, the Chairman reported that he had held meetings with the legal team to discuss issues raised regarding the content of minutes. The minutes of the meeting captured what happened within that meeting; therefore it had been confirmed that written responses should not be included in the minutes. They were, however, published on the Derbyshire County Council website and arrangements would be implemented whereby all members would be sent the relevant link by email after the meeting. In addition, officers were currently looking at ways to make the responses more prominent on the website for ease of public access.

Kate Evans (Head of Service, Derbyshire School Catering Service) and Jo Rinkevicius had been welcomed to the meeting by the Chairman. This was because Kate had been awarded the Best Use of Technology Award at the 2021 Foodservice Cateys. The Service won the award for their implementation of an IT management system which allowed the Service to meet the needs of the free school meal eligible and vulnerable families more efficiently during the pandemic. Congratulations had been given on achieving the award and continued thanks had been shared for the work that the team had been doing to provide excellent meals to the schools of Derbyshire.

Jo had been awarded the Apprentice/Trainee of the Year Award at the 2021 LACA Awards for Excellence. During his internship Jo ran a food waste initiative across several Derbyshire primary and junior schools, in one school successfully reducing waste by 12%. He had since gone on to work within the catering team as a Business Services Administrator Level 3 Apprentice. Congratulations had been given on being awarded the accolade. The Chair had stated that it was wonderful to see the Apprenticeship Scheme producing such excellent members of staff.

Kate and Jo came forward to receive a presentation.

The Chairman also congratulated Paige McMahon who was unable to attend the meeting. Paige's worked as a social worker and had been recognised when she became a finalist in the recent Leaving Care Service Social Worker Awards in the Social Worker of the Year category. Congratulations had been afforded to Paige who was unable to attend the meeting and Thanks had been were given to her Paige and all her colleagues for their continued commitment and dedication to the residents of Derbyshire.

The great work that had been carried out by the Council's teams on the roads and highways during the recent storms and more recently with the snow were recognised.

The Chairman sadly announced the recent deaths of Councillors Eric Lancashire MBE and Kath Lauro.

Councillor's paid tribute as appropriate and a minute's silence was observed.

78/21 **TO CONFIRM THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 15 SEPTEMBER 2021**

On the motion of Councillor T Ainsworth, duly seconded, it was

RESOLVED that the minutes of the meeting of the Council held on 15 September 2021 be confirmed as a correct record.

79/21 TO CONSIDER THE REPORT OF THE LEADER OF THE COUNCIL AND MEMBERS' QUESTIONS ON THE REPORT

Councillor B Lewis shared thanks to the crews across the county who had helped out in the aftermath of Storm Arwen and the snow over the previous weekend. Thanks were also conveyed to the relevant teams from within Corporate Services who were out cutting down trees in the aftermath of the storm and had remained on standby for the entire period.

His thanks of course extended to the social workers who were out and about across the county supporting elderly and vulnerable in the treacherous and challenging conditions.

He reported that the Council was aware that there were residents still in High Peak who were without electricity. Calls to Electricity North West were being made to get that resolved as quickly as possible and particularly to liaise with the Local Resilience Forum further.

A few members had attended the Verges Conference on 30 November 2021, this was the Conference of green verges across the county and what could be done about managing them for biodiversity in the future. It had been held as a hybrid Conference, to talk about management techniques from across the UK. Some of them absolutely startling in the way that one, they could bring about a biodiversity recovery through the verge management processes, but also with the potential to reduce revenue spend as well into the future, so it really was a win if Derbyshire could get it right. The Verges Conference was a first step, nonetheless an important one and Derbyshire would be endeavouring to embed some of the practices and lessons learnt as quickly as possible.

80/21 TO CONSIDER PUBLIC QUESTIONS (IF ANY)

It was reported that as Councillor N Hoy was currently unwell she was not in attendance at the meeting and therefore residents who had submitted questions for her would receive a written response.

a) Question from Elizabeth Honeybell to Councillor N Hoy, Cabinet Member for Adult Care

Why is the council not allowing more residents at Goyt Valley House, New Mills when there are so many people waiting in hospital and blocking much needed hospital beds?

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

b) Question from David Ingham to Councillor S Spencer, Cabinet Member for Corporate Services and Budget

In response to a recent Freedom of Information Request (4-21) and following an Internal Review it was communicated that data relating to complaints made against senior officers may not be shared with the Advice and Support Team within HR and in turn not reported under any Freedom of Information Requests.

The Internal Review was requested following 3 known complaints made against senior officers within CCP not being reported within the data provided under this particular Freedom of Information Request.

A report relating to complaints and compliments presented to the Governance, Ethics and Standards Committee on 20-10-21 included metric information associated with complaints made against council employees associated with behaviour and the use and storage of data – these were the grounds upon which the complaints had been made against the 3 senior officers.

On the basis of the response contained within the Internal Review the simple question I would like answering, as officers have not answered to date, is whether or not the 3 complaints associated with the Internal Review response to FOI 4/21 were included within the data and report presented to the Governance, Ethics and Standards Committee – a report which is available to the public.

Councillor S Spencer responded as follows:

I know this has been an ongoing issue for some months. In answer to the specific request, in the final part of your question those figures were not included in the overall figures that were presented at that particular meeting and I would also say that those three particular instances were part of an employment process.

Mr Ingham asked the following supplementary question:

I am appreciative of the fact you have done that and taken on board the response. My request is obviously a question with regards to what the Council now proposes to do around that because that situation has resulted in an incorrect report being presented to the Governance Committee and it has under-represented the number of complaints.

The Council also has an issue in relation to the Freedom of Information request because currently at this moment in time the situation is that complaints regarding senior officers is unlikely to be included within any

FOI. FOIs are initiated by members of the public to get reassurance as such of what is actually happening within Authorities. At the moment figures which would be provided for a Freedom of Information request would not reflect the true situation so I would ask what is it the intention of the Council to do with regard to that, the action? Who will be involved? Timescales?

Councillor S Spencer responded as follows:

I note your point. I can't give you a specific answer to the full detailed question you have put before me today. What I can say to you is I don't believe the figures were incorrect because the issues you have raised were dealt with in another process which is external to the figures.

I am fully aware there are a number of FOIs with regard to this particular case in the system. You have made your point with regard to those FOIs. Officers are present and taking notes and I assume you will receive a response in due course through the normal mechanisms available to you.

c) Question from Catherine Swainson on behalf of her mother, Dorothy Bleakley to Councillor N Hoy, Cabinet Member for Adult Care

Re Simon Steven's recent letter, how can you justify the big drop in demand for care home places when:

- The pandemic is a singular event and will have distorted the demand figures
- You have deliberately supressed demand by not allowing care homes to admit long-term residents
- You have disregarded future demand when Baby Boomers, a large demographic, will pass away
- You have disregarded the fact that people are living longer and the very elderly are not able to live independently even with support
- Care in the community is under resourced and not able to meet the needs of the elderly living independently - especially those which arise during the night, the failure of which causes the greatest injury, distress and discomfort when accidents occur

The Council is deliberately massaging the demand figures to produce the outcome they require to pursue their objective of homes closures despite their previous agreement not to .... close any of its homes unless a local care home or alternative suitable provision was available.

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

Councillor E Fordham raised the availability of answers to questions as a point of order that the Chairman responded to.

d) Question from Frank Lane to Councillor K Athwal, Cabinet Member for Highways, Assets and Transport

I am a resident of Matlock Green and I regularly walk alongside and cross the A615, often with two toddlers; I also see many pedestrians attempting to cross this road, many of them young children on their way to and from school. I often fear for their safety due the excessive speed of many vehicles through Matlock Green.

I note that in your response to a question from Olivia Ramsbottom on 14th July 2001 that you rightly prioritise areas for speed mitigation in areas "where there is the greatest need and where most benefits can be achieved" with "the use of identifiable known hard facts and figures provides robust and transparent justification for the investment".

I also note that in Derbyshire Highways response to a planning application to DDDC (21/00547/OUT) it was stated that "the A615 Matlock Green is not considered to be a slow speed situation" (even though it is supposed to be a 30mph zone) and the results of a speed survey showing that many vehicles were exceeding the speed limit were accepted.

Given this, what plans are there are to reduce speed of traffic through Matlock Green and provide crossing facilities to ensure the safety of pedestrians?

Councillor K Athwal responded as follows:

In most built-up urban areas that are divided by a main road with substantial levels of traffic there will always be public demand for facilities to make it easier to cross the road. Unfortunately it is not practical to locate facilities frequently through the entire length of any road so they are targeted where there is the most pedestrian footfall. This is usually close to local shopping facilities, bus stops, or perhaps where another popular route intersects the road. This is indeed the case at Matlock Green with a signal crossing already present close to the junction with Lime Tree Road and Church Street.

The comments that Mr Lane makes are in a reference provided by a Highways team in a recent planning application in response to the size of visual displays needed for traffic merging on to the main road. These simply state that this is not a speed situation which is simply in the context of it being a through-route in comparison with for example a cul-de-sac.

There is no inference that there are casualty or speed concerns that are disproportionately high compared with other similar A Class routes in Derbyshire.

There was no supplementary question.

e) Question from Kath Mulligan to Councillor N Hoy, Cabinet Member for Adult Care

Once again DCC is claiming that a vast amount of money needs to be spent on rewiring Goyt Valley House, even though we proved last year that the premises were fully rewired in 2008.

I believe it is also claimed that a new boiler is needed. This also is untrue. Shortly before the first lockdown in March 2020, staff were frantically buying up large numbers of space heaters for bedrooms and lounges when the old boiler failed. I was a tally visiting my mother on the day when a replacement boiler was being fitted

It is very disturbing to see the same misleading claims being touted again.

If you claim the fabric of the building cannot be economically renovated, can you give a cast iron guarantee that, should the existing building be demolished, a replacement residential home will be built on the same site or elsewhere in New Mills? Moving residents away from their local area is simply not acceptable for all the same reasons we gave you last year.

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

f) Question from John Geddes to Councillor K Athwal, Cabinet Member for Highways, Assets and Transport

I want to ask for a promise about the four trials that the council is proposing for Demand Responsive Transport, or DRT.

Your Derbyshire Connect trial should have told you whether the minibuses were good value because they were typically carrying several people to similar destinations, or running around like very expensive taxis. However, you didn't collect the right data to allow anyone to work this out. (But it looks like bad news from the data that you did collect).

So I agree that we do need more trials, but this time the trials need to be done properly.

That means being clear about what it is you aim to find out, and how you will decide what the answer is. And doing that before you start, in consultation with interested parties. It means collecting, keeping and sharing comprehensive data. And it means committing to publish a review of the outcome of the trials, with a chance for sceptics or critics to check what they think the data shows before any decisions are made about the future use of DRT by the council.

Will the Council promise to do that, please?

Councillor K Athwal responded as follows:

Derbyshire Connect Demand Responsive Transport, a trial undertaken in the Ashbourne and Wirksworth area since 2017, has shown this type of service can generate more passenger journeys than conventional supported scheduled routes in certain circumstances. However, we do recognise that this trial service has operated in a very rural area with particular characteristics. We are also aware that things have changed significantly since the trial began as a result of the pandemic with demand for bus travel currently standing at approximately 65%-75% of pre-Covid levels.

The Department for Transport's National Bus Strategy published in March this year means the end of the old model under which bus services have operated in England since the 1986 Transport Act. Bus Service Improvements Plan, the BSIP, and the associated announced partnerships offer a real opportunity to revitalise the bus industry which has been in decline nationally for at least a decade. However, these new arrangements mean we need to change as we cannot continue to do things in the same way we have over the last 35 years.

More Demand Responsive Transport is an example of the kind of change the Department for Transport want to see and we must therefore be willing to explore whether this kind of service could operate on a larger scale in Derbyshire. The precise nature of the trial proposed in the BSIP has yet to be finalised and will depend to a significant extent on how much funding is allocated by the Department for Transport.

However, subject to the proposal it is to undertake the trials in a variety of different markets and geographical areas including potentially a town service; feeder services linked to core schedule routes, and a service in a more mixed rural/urban area to understand if people will use DRT to a greater or lesser extent than the conventional scheduled bus services. A final decision on what happens following the trials will be made by this Council in conjunction with bus passengers who use the service and our bus operators.

Mr Geddes asked the following supplementary question:

Satisfaction among those who use your service if you ask them that it is a little bit like asking National Lottery winners whether they think their ticket was good value. You are only asking the people who manage to use it and enjoy it. I think you are going to find the people who used it find it very satisfactory. The risk is that by making a service that is actually very expensive (because it will turn out to be a bit like a taxi but in an expensive vehicle) what you are going to see is a small number of people do really well and a lot of people unable to make rides because this vehicle has been scheduled for a number of other trips that their needs can't fit into, so can I ask for your promise that all your research will not be limited to the happy people on the bus but that you will extend it to make sure you are picking up the people who ought to be able to travel but perhaps can't?

Councillor K Athwal responded as follows:

I have to say, as I have said in my previous answer, that we are going through this Bus Improvement Partnership at this moment in time and we are in the process of our enhanced partnership working with Community Groups so at this point in time it is all up in the air. We are, as I said earlier, looking to consult far wider with both urban/rural areas to find a workable solution that works for all.

As to your point about a small number of vehicles going round the countryside etc, we as an Authority are here to try and meet the needs of all our residents and we need to look at the best way forward in order to do that. I assure you that when the consultation is completed from the findings of that we will know which way to go and how to plan.

g) Question from Sue Rodrigues to Councillor N Hoy, Cabinet Member for Adult Care

Please can you tell Council Taxpayers how much DCC spend on community care package for elderly in the catchment area and how many hours of human contact this provides? We all know how mental and cognitive health decreases when living in isolation and therefore residential care has far more to offer than just practical support. Explain why money going to care business profits could not be better spent building a care hub at Goyt Valley House. This could offer a range of supports including day care, respite and rehabilitation/earlier discharge from hospital. Why does this amazing resource have to be restricted to support for the elderly? I know of families in New Mills caring for younger people with complex physical needs, requiring the skills set of the amazing staff at GVH, who would greatly benefit from respite care. And once we are out of the current Covid restrictions there are so many ways that cross generational projects that could enhance the lives of those that live in and around New Mills. Why is DCC thinking about the future so narrow?

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

81/21 TO RECEIVE PETITIONS (IF ANY)

There were none received.

Councillor S Burfoot asked when answers to questions would be published on the website as a point of order that the Chairman responded to.

82/21 TO RECEIVE QUESTIONS FROM ELECTED MEMBERS (IF ANY)

a) Question from Councillor S Burfoot to Councillor C Renwick, Cabinet Member for Infrastructure and Environment

Given the inevitable loss of millions of Ash trees on public owned land throughout the country, as a result of the dreadful Ash dieback disease, can the Council explain what measures are being taken to fell dead and dying Ash trees on our land and verges; and can we ensure we are in dialogue with all Local Government bodies in Derbyshire and that we are informing all neighbouring landowners with diseased Ash trees all of which are potentially in danger of falling onto roads and into rivers?

And can we make public our plans to handle this disease in the context of our biodiversity and climate change strategies?

Councillor C Renwick responded as follows:

Ash dieback will kill around 80% of ash trees across the UK. The effects will be staggering. It will potentially change our landscapes locally forever and threaten many species which rely on ash. I believe at least 40 plus insects rely alone on the ash trees and the cost of dealing with this will be in the millions locally and billions nationally.

Just by way of a quick background. Ash dieback is a fungal disease thought to have originated in Eastern Asia and imported into mainland Europe in the 1990s. It is a vascular wilt fungus that blocks the water transport vessels within the tree, firstly causing the leaves to die then lesions in the wood and bark leading to dieback of the twigs, branches and ultimately the whole tree.

The disease is usually fatal for most young ash trees and can kill saplings within one growing season. Larger mature ash with the infection are thought to be more tolerant or decline at a slower rate of several years. The rate of decline in individual trees is highly variable and may be affected by pre-disposing factors such as genetic variation, concurrent disease, pests and climate. Since 2018 there has been a marked increase in the rate of infection and decline.

Estimates for the number of trees in Derbyshire have been based on data from the Tree Council, the Forestry Commission and Derbyshire Lowland Biodiversity Action Plan. The data suggests there are about 8.6 million ash trees within woodlands or wide linear features in Derbyshire. This doesn't include individual trees in hedgerows, fields or urban settings so therefore the total is probably estimated to be more in the region of 9 million.

In Derbyshire as a whole ash is the second most common tree after oak but in the limestone areas of this county, they are the more dominant species. Ash is the dominant tree in the woodlands of the limestone dales where it may comprise of up to 99% of tree cover. These limestone dales of Derbyshire and the Peak District contain the largest areas of ravine woodlands in Great Britain and are the best examples of this habitat in the UK and one of the most important areas in Europe for ash-dominated landscapes and habitats. In fact 21% of the UK's ravine woodland are protected by a Special Area of Conservation which covers about 900 hectares across Dovedale, Monsal, Lathkill, all the way to Matlock Dale.

Our officers have identified ash dieback as a significant risk and added it to the risk register in 2019.

The Countryside Service has been tasked with leading the response to ash dieback and there has been initiated an action plan. We have a dedicated project officer. An initial budget of £265,000 was set aside in the action plan to identify:

- Quantity and scale of the problem.
- Plan an inspection regime for roadside tree issues, including mapping and entry in an asset register.
- Train all site-based countryside staff and establish escalation procedures.
- Carry out desk-based assessment of the location of ash trees utilising detailed site knowledge of staff, with subsequent confirmation on site as required.
- Use latest research to assess individual trees and make management decisions.
- Make preparations to provide advice to other County Council

departments.

- Create cross-departmental ash dieback officers' working in groups to develop the Authority's approach.

The Officers' Working Group has been in operation since February 2020 and has assisted the project officer in the development of the Derbyshire Ash Dieback action plan.

The objectives of the Derbyshire action plan are to:

(1) Provide an overarching plan to identify, communicate and address the risks of ash dieback across Derbyshire.
(2) To set out how the County Council will identify and manage the risks, particularly with regard to public safety from falling trees and branches and across infrastructure roads, rail and utilities and the wider environment which includes landscape, ecology and ecosystem services.
(3) Prioritise actions based on agreed timescales and risk level with public safety being a major risk in the short to medium term with environmental risks being a longer-term issue that will require long-term planning and resourcing.
(4) Identify the likely costs of responding to the disease and identify where extra resources will be needed.

Nationally there is uncertainty about the extent to which ash dieback will impact the ash population. The report, the actual plan which will be produced in the next couple of weeks is based on two scenarios: a worst-case scenario of 90% of ash dieback within a ten-year period and a best-case scenario where around 50% of non-woodland ash are affected.

So apologies, Councillor Burfoot, the action plan report is being presented to Cabinet this month and without pre-empting the report before it is official I can probably confirm that the plan will require substantial resourcing going forward and depending on the two scenarios we are potentially looking at between £17m and £30m over the next ten to 20 years.

The ash dieback project officer is in regular contact with tree officers in the District and Borough Councils as well as private landowners and statutory agencies such as the Forestry Commission and Natural England.

The inspection regime of the main road network, all major roads of course are annually inspected. The secondary road network and unclassified roads will be inspected over two years instead of the usual five-year rolling basis.

The most effective inspection period to identify ash dieback unfortunately is in the summer when trees are in leaf so that gives us really only a three to four-month survey window annually.

Identified trees are inspected and risk assessed and a decision taken on the appropriate management. Where felling is recommended this is actioned as quickly as possible through the Council Tree Teams or possibly longer term with private contractors too.

I was on site in Shipley and I have seen some felling just last week at Shipley Park. Private landowners are informed of identified trees and the recommended course of management and risk assessments.

In the months ahead we are going to be producing a public information document and “report it” facility to increase awareness of the disease more widely in advance of the next inspection season.

An essential element of the action plan is to minimise the long-term impacts of the disease on biodiversity and climate adaptation. Actions will include identifying and safeguarding trees that exhibit a natural resistance to ash dieback and sensitive management of veteran trees or trees of high ecological value and replanting with alternative tree species that have similar ecological characteristics to ash for species populations associated with ash. Building in resilience to threats from climate change and pests and disease will also be addressed through the new tree planting programme that will increase the diversity of tree species across the county in the years ahead.

Just to add to that, as part of this Council’s one million tree planting scheme all our trees will be procured from British nurseries with the approved appropriate health plans.

So our priority in response is protecting life and limb first and foremost and yes, we will be announcing shortly some more engagement strategy. Unfortunately there is no cure or clear method of stopping the spread. There is some hope though of a natural tolerance for some trees meaning the population could eventually recover letting nature taking its course from the disease. Ash decline could improve future disease and climate change and then increase the genetic diversity planting and mix of native tree species. Just to let you know there are over 900 species of ash.

Finally, in terms of next steps around addressing long-term impacts of diversity there is no silver bullet. We will be taking a lot of advice from the main agencies who have engaged across this nationally.

There was no supplementary question.

b) Question from Councillor P Niblock to Councillor K Athwal, Cabinet Member for Highways Assets and Transport

The public consultation concerning the proposed East-West Cycle Route has been proved to have been woefully inadequate especially along the Chatsworth Road section where many households did not receive the letter which was allegedly sent to all affected residents. Will the Council now reopen this consultation and properly assess the concerns of the residents of Walton and West about this scheme?

Councillor K Athwal responded as follows:

A comprehensive public consultation was carried out as required in law. This was consistent with what the Government recommended to all local authorities throughout the pandemic. Therefore there are no further plans to reconsult, but you have stated very clearly in your question that this Authority's consultation has "proved to have been woefully inadequate". To me, your allegation is totally baseless. On what grounds do you make this statement? You may want to answer that in your supplementary question.

Councillor P Niblock asked the following supplementary question:

The Department for Transport will only fund schemes which meaningfully alter the status quo on the road. At one end of a perfectly sensible off-road route there is an arbitrary road closure, at the other end an unnecessarily complicated and dangerous segregated section. Is this why these have been incorporated in the scheme merely to justify and obtain the funding?

Councillor K Athwal responded as follows:

I don't think our officers in any way can pick a particular route. This was all based on what are the Government's requirements, it was based on the safety of the people of Chesterfield, and the route proposed has been the best possible route that was looked at after detailed analysis of what is available in Chesterfield. I think that is my answer at this moment in time.

c) Question from Councillor E Fordham to Councillor Carol Hart, Cabinet Member for Health and Communities

Rightly, the Council is supporting measures to ensure that PrEP (Pre-exposure prophylaxis) is available across Derbyshire at no direct cost to the patient within the NHS. Given this is an important step in the battle against isolation, stigma, and prejudice within and across the LGBTQ+

communities, will the Council undertake to work with Derbyshire LGBT+, with Derbyshire Community Health Trust and all other NHS trusts who operate within the county to promote this availability and roll-out of PrEP within Derbyshire and will the Council provide regular structures updates to all members on progress?

Councillor C Hart responded as follows:

I believe this was probably something that you wished to discuss with the Director of Public Health and myself some time ago. We did arrange a meeting and you accepted. Unfortunately something happened and you didn't attend but I am quite happy to tell you of all the work that is going off.

The Council is already working with a range of partners to promote the availability of PrEP within Derbyshire. Provision of PrEP in Derbyshire is commissioned as part of the integrated Sexual Health Service provided by the Derby Community Health Services NHS Trust and the Council monitor the availability of PrEP against contractual and national requirements. The Council and DCHS are working together to ensure that those who would benefit from PrEP are able to access it.

Action is already underway to promote its availability, including working with organisations specific to the population groups eligible for PrEP including Derbyshire LGBT+, also to deliver targeted sexual health and HIV prevention work.

NHS organisations across Derbyshire, including NHS Trusts; GP practices; community pharmacies and other Sexual Health Services are also involved in this work and a PrEP Awareness Event was recently held for all the sexual health professionals.

Further training on PrEP is also being developed. A grant scheme has been established to allow organisations to apply to deliver PrEP promotion and HIV prevention work with their client groups. Availability of PrEP in Derbyshire is advertised on local and national websites, including during the PrEP Awareness Week. Roll-out of PrEP in Derbyshire is happening alongside supporting communities at risk of HIV to access a wider range of sexual health services, support and advice.

As for keeping members involved, I am very happy to keep members involved and they can actually sign up to our public health updates. Any member can sign in for that and also, we can include the information on the Public Health website.

Councillor E Fordham asked the following supplementary question:

I ask the question today because it is of course World Aids Day. I am sure the portfolio holder is aware of the epidemiological report which shows the East Midlands' figures? If you look at Derbyshire 50% of HIV diagnosis is diagnosed late. We are the second worst county.

Will she join with me in re-approaching the Community Health Trust? Their promotion of this has been very very slow, and would she be willing to visit the Sexual Health Clinic, certainly in Chesterfield, where promotion of PrEP is entirely absent from every single one of their 17 notice boards? Would she be willing to visit those centres with me in order to chase up the responsible Health Trust and point out that we are investing a considerable amount of money in this and they are not respecting that?

Councillor C Hart responded as follows:

It is very difficult for me to comment on things that I don't actually know the truth about. I am quite happy to visit, I am quite happy to listen, but I will say that we do work well with DCHS so I am very disappointed that you seem to be questioning that. Certainly we will follow it up. I will have a conversation with my director and we will see what we can do.

d) Question from Councillor E Fordham to Councillor N Hoy, Cabinet Member for Adult Care

Given the pandemic can I ask the Portfolio Holder for Adult Care to detail the measures taken by the County Council to ensure that all Adult Care and Nursing Homes have improved their resilience in the event of a resurgence of the pandemic or indeed a new and different situation. Given we have a role in working with the private health and care sector - how is this monitored, reported and checked by the County Council to ensure it is both effective and thorough?

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

e) Question from Councillor E Fordham to Councillor S Spencer, Cabinet Member for Corporate Service and Budget

To ask the Council to make available a list and schedule of properties owned by the County that are currently vacant, not occupied, nor in regular staffed use and to provide a metric for their value and worth and purpose within our portfolio? And to compliment this with an insight into listed and historic buildings that the Council owns to which we have a responsibility for maintenance? Given the volume of business we have I am happy for this to be a written question only and I am happy to hold it off if you wish to progress further.

Councillor Fordham confirmed that given the volume of business he was happy for this dealt with as a written question.

There was no supplementary question.

f) Question from Councillor G Kinsella to Councillor S Spencer, Cabinet Member for Corporate Service and Budget

Many residents in my area are frustrated at the length of time it takes to assess and deliver service requests, particularly Highway's requests. The position is exacerbated by a lack of updates, followed by months of delay. These delays have on occasions been so significant, I have had to ask a Cabinet member to intervene. I understand this is partly because of critical staff shortages, due to recruitment and retention problems.

What is the Council doing to address these issues and when will residents see an improvement in services as a result?

Councillor S Spencer responded as follows:

Let's start with the ETE or Highways Department enquiries list to start with. As you will be aware the Highways Department or the Place Department receives about 90,000 enquiries per annum. A vast majority of these are dealt with within the pre-requisite timeframe but unfortunately some of them are not because they happen to be complicated requests that need considerable investigation to come forward with a clear and definitive answer, but I too share your concern that we should have a structure in place to at least acknowledge receipt of those emails in a suitable timeframe and give a holding response to the member of the public or whomever raises those enquiries. That is why last year we heavily invested in the new CRM System, the Customer Relationship Management System that will come on-stream in the summer of next year which I hope will go some way to address the issues and concerns you have. I think it is fair to say that on occasion some of the enquiries have taken a period of time that I would prefer not to see.

With regard to the retention and staff vacancies we have within the organisation we are not unique in this circumstance. Many Authorities and many organisations across the country are having great difficulty obtaining staff and people with the pre-requisite skills to carry out those duties, particularly in structural engineering areas, engineering works areas and engineering management areas.

We have put in our people strategy which is hopefully going to streamline the process of recruitment, speed the process up and make the roles that we are advertising more attractive to the people out there with the skills sets required. This does not happen overnight. We are trying our best. We have used interim engagement in some cases, we have used external resources in others, but I must pay tribute to the ETE Department or Place I should say sorry, pay tribute to the implementation of the capital programme that we delivered last year. We introduced a capital programme of £40m last year which is double what it usually has been in previous years and we have two more years of £40m investment in highway infrastructure over the coming two years. That has not been an easy task with the resources and the staff we have available. I pay tribute to those staff who have gone the extra mile to deliver those capital programmes. That should have some impact on the maintenance programmes because our capital investment into infrastructure and assets of the organisation delivers an improvement in the network as a whole and we are I think next year investing £58m in the highways' network in totality. That is a huge undertaking for an Authority of this size with a network and geography the size of Derbyshire, but I do pay tribute to those efforts. I recognise there are issues with regard to the responses that you have mentioned. I am fully onboard with your ambition to improve that but I do pay tribute to the work that has been done.

Councillor G Kinsella asked the following supplementary question:

Just this morning I spoke to a manager within a Service who described his position as being "swamped" with work and being overwhelmed with requests and tasks. He did talk about the mental health impact on another member of his team so clearly this is a serious issue.

Councillor S Spencer spoke about streamlining recruitment and making roles more attractive. Can you give me some examples about how that streamlining in recruitment is taking place and what are the Council doing to make roles more attractive?

Councillor S Spencer responded as follows:

Let's start with the member of staff you have been speaking to, Councillor Kinsella. I would certainly recommend that that member of staff speaks to his line manager and discusses the issues that he has articulated to you and then we can do something about addressing it. I am sure his line manager is in a better place to address it than you are.

Having said that, I would suggest we do need to streamline and enhance the package offers we have available to staff. That is why we are going through the process and the Modern Ways of Working which will bring about significant changes in the way the County Council delivers its services and the expectations placed on those individuals to deliver those services.

You will be fully aware we are going through a process of senior management review at this moment in time. There is myself and two other members on that Committee, including the Leader of the Opposition Group. We are reviewing senior management pay group and we are looking with regard to the Modern Ways of Working at all aspects of service making sure we have the contingencies in place to address the needs of the public whilst recognising the needs of the individual also, giving them the flexibility to work in a place that is convenient for them; giving them the flexibility to deliver the services in the most cost effective, most environmentally friendly way we can do, so there is an awful lot of work going on at the moment, Councillor Kinsella.

I am sure you will see on the Committee you sit on the impact of that work on the environmental footprint of Derbyshire County Council. I hope to see that programme developed over coming weeks and become very clear and apparent to all concerned within the Council, including the staff, the members and the public in general.

g) Question from Councillor G Kinsella to Council Leader, Cabinet Member - Strategic Leadership, Culture, Tourism and Climate Change

Derbyshire Pension Fund has over £145 million invested in oil and gas companies which are fuelling climate change and represent a serious financial risk to the Fund.

Globally, more than 1,300 institutions have made a divestment commitment, which equates to a value of around $14.5 trillion in divested assets. This includes a number of Local Authority pension funds (e.g. Southwark, Islington, Waltham Forest, Merseyside, South Yorkshire, Oxfordshire, Hackney and Haringey).

Boris Johnson has said that “Glasgow has sounded the death-knell for coal power.” In the light of the COP 26 statements about the need for financial organisations and pensions to disinvest from fossil fuels, will the pension fund urgently consider doing this?

Councillor B Lewis responded as follows:

I know you have asked this question in various different guises in various different forums. It is a worthwhile question and it is worthwhile just spending a moment or two going through quite a comprehensive answer.

The Pension Fund invest in a wide range of investment assets on behalf of its participating employers. There are over 330 which includes Derbyshire County Council as the largest of those to support the payment of pension benefits to its members, which cover fiduciary responsibility.

Climate change is considered as part of the evaluation of all those investment risks associated with the fund's diverse portfolio. The Pension Fund's climate strategy was approved last year following consultation with the stakeholders which involved writing to the fund's members and asking for their views. The strategy sets out support for the Paris Agreement and includes clear targets for reducing the carbon emissions of the whole investment portfolio and for increasing investment in low carbon and sustainable investments, very much a position that has been set out by our Government and many governments globally which has set that ball rolling to which industry will ultimately bend.

The Pension Fund's climate related disclosures published in March 2020 report the steps being taken by the fund to manage climate related risks. Updated disclosures are due to be presented at next week's Pensions and Investments Committee and will report on the good progress that has been made against the climate strategy targets.

Over the last few years the fund's exposure to fossil fuel production has been reduced significantly to around 2.5% of the portfolio. At the same time the fund has made commitments of over £275m to renewable energy funds representing around 4.5% of total fund assets. The assets in these funds will include investments in offshore/onshore wind, offshore wind, solar, hydro and battery storage. New investments amounting to around £1 billion have also been made in global sustainable equities representing investments in global companies that are sustainable in financial, environmental, social and governance terms and, where appropriate, that provide solutions to sustainability challenges.

A responsible investment framework was approved at the same time as the Climate Strategy and sets out the fund's approach to engaging with companies to influence their behaviour and enhance their value. This influence would be lost through a divestment approach and any shares sold could be acquired by investors with differing views on responsible investment. Collaborative and coordinated engagement with other like-minded investors has the potential to drive positive changes to companies' business models as they adapt for the transition to a low carbon economy.

Engagement with companies whose products are expected to remain an important part of the energy mix for many years to come, and which are amongst some of the largest developers of renewable energy solutions, forms an important part of the Pension Fund's engagement activities with its engagement partners. It remains vital for the fund to be able to continue to access the widest possible investment universe of investment opportunities and, as a long-term investor, the Pension Fund is well placed to provide support to companies during the energy transition as the Pension Fund progresses towards a portfolio of assets with net zero carbon emissions by 2050.

Councillor G Kinsella asked the following supplementary question:

No doubt those arguments can and are made in the Pensions and Investment Committee. So given that, I just wonder whether the Council Leader and the Chair of the Pensions and Investment Committee would support the facilitation of a presentation to the Committee by an independent and respected financial organisation and think-tank carbon tracker in order to balance those arguments with arguments around the issues to do with the financial risk of continuing to invest in fossil fuels so a fair hearing and a balanced perspective can be taken by that Committee?

Councillor B Lewis responded as follows:

I think I have answered the question in full as to around why we are embarking on the approach we are doing but I am sure if you write to the Chairman of the Pensions Committee, he will consider your request.

h) Question from Councillor J Dixon to Councillor N Hoy, Cabinet Member for Adult Care

Cabinet recently decided to move to consultation on the closure of seven of our care homes throughout Derbyshire. In the Conservative Manifesto there was a pledge that "no care home will close without replacement provision." Can you outline what plans have been made by the County Council to provide replacement provision should any of these homes close?

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

i) Question from Councillor M Yates to Councillor N Hoy, Cabinet Member for Adult Care

One of my residents that has a parent living in the East Clune Care Home in your division Clowne commented to me that the "Consultation on future accommodation for older people was not a real consultation". In his opinion the decision was already made to close the care homes and the council were not really consulting, they were just going through the motions.

Is the consultation a genuine consultation and if the result is the same as the consultation in 2020 will Derbyshire County Council keep all the care homes open as they did in 2020?

Councillor N Hoy would provide a written response as she was unwell and not in attendance at the meeting.

j) Question from Councillor Gillott to Councillor K Athwal, Cabinet Member for Highways Assets and Transport

In June 2021, the Leader of the Council announced that he was initiating a survey inviting people to give their views on the current speed limits for the A61, Derby Road, south of Chesterfield.

In September 2021, the Leader of the Council announced that he was initiating a survey inviting people to give their views on his short, medium and long-term plans for the A61, Derby Road, south of Chesterfield.

Could the Cabinet Member for Highways Assets and Transport give me an update on how these two surveys are progressing and what, if any, initial conclusions his department has drawn from the responses to them?

Councillor K Athwal responded as follows:

We fully recognise the issues with the flow of traffic on the A61 south of Chesterfield and have been working closely with partners, particularly North East Derbyshire District Council, to address them.

At the Cabinet meeting on the 6 December, next Monday, we will consider a decision to launch a public consultation exercise on traffic issues on the A61 south of Chesterfield. Subject to Cabinet's approval we will undertake this consultation during the current financial year. This will enable the Council to engage with the public over short, medium, longer term plans for this stretch of the A61 and the issues that they are currently facing, including the speed of traffic.

Councillor K Gillott asked the following supplementary question:

It is roughly what I expected. My concern with all of this is as the local member I am finding out things by social media and/or the local press. I don't think that is an appropriate way for an Authority to work and as the local member this is clearly an issue that is of great concern to my community, which is why I keep raising it, so I would ask you today would you give an undertaking that assuming the Cabinet goes ahead with that consultation - and again I found out about that by accident, the Authority didn't tell me the paper was there I just happened to read it when I was reading the Cabinet papers - but if the consultation does go ahead would you give me an undertaking that you will at least involve me in that so I get a briefing as to what the outcome is and I don't have to read it in the paper?

Councillor K Athwal responded as follows:

My understanding is you are not really the "local member", that is first and foremost and, secondly, you are not finding information out from the local media you have had a detailed briefing from one of our senior managers on the A61 and the issues that are on there.

I have already mentioned there is a paper going to Cabinet next Monday. If Cabinet approves that then there will be a further consultation and then the results of the consultation will be shared to how to improve the A61 but it seems to me with yourself, Councillor Gillott, it is a case of do as I say not as I do because I believe you were party to all these issues that have happened as a longstanding member of the North East Derbyshire District Council, also as a County Councillor, also as a previous Assistant PCC for four years, so you could have dealt with these issues yet you leave it to this administration to sort the issues out, the mess that you left. We are endeavouring to do that. There is a paper going to Cabinet next week and I will endeavour to sort these things out.

k) Question from Councillor M Ford to Councillor S Spencer, Cabinet Member for Corporate Service and Budget

Would Cllr Spencer please comment on the recent issues raised in the media concerning appropriate Council employees assisting members with their e-mail correspondence?

Councillor S Spencer responded as follows:

You will note I have moved to the front of the room so I can look directly at the person I am referring to.

It has been custom and practice at this Authority to provide secretarial support for all elected members and before I go any further, I want to pay tribute to those members who dedicate their lives to delivering a service that we can be proud of. I have to say in all the time I have been on this Authority those staff do everything they can to accommodate the needs of us all from whatever Political Party, whatever badge we wear, whatever requests we make. As far as I am concerned it is a sad day when I have to stand here and say this because I say it often enough to them, those individuals concerned.

On a personal level I will say it will be nigh on impossible for me to carry out my duties without the secretarial support that I receive from my colleagues in the office and I want to pay tribute to that individual in her own right.

It was brought to my attention that the Leader of the Liberal Democrats, Councillor Fordham, made an allegation to the Head of Legal Services and the Head of CCP at the time about his emails being accessed illegally and his emails being tampered with by members of staff. Following that allegation the Data Protection Officer was immediately requested to carry out a review, which she did in a two day period and reported back to Cabinet and to Councillor Fordham that no breach of GDPR had taken place, but to make sure we have total transparency this Authority submitted itself to the Information Commission to clarify that position, which the Information Commission has done.

I think the only issue I could raise is within that process our staff have access to our emails, that has been custom and practice for many years. Perhaps the paper trail can be improved and that will be reviewed, but my biggest concern, colleagues, is that Councillor Fordham instead of allowing an opportune period of time for our officers to investigate this went immediately to the press and made allegations that our staff here in County Council were illegally accessing his emails, tampering with them, altering them, and he was ably assisted by the *Derbyshire Times* in this allegation.

Well I for one find it totally unacceptable that a member of this Council can attack a group of officers within our organisation when they have no recourse or no defence for themselves. Pick on me by all means, councillor, but don’t pick on the staff.

As far as I am concerned, Chairman, Councillor Fordham had a motion in this afternoon. Now I understand, unbeknown to me, that he organised a meeting this morning with those staff that he is alleged had acted inappropriately to apologise.

Well, Councillor Fordham, an apology behind closed doors and not in front of the media and this Council is not acceptable to me because you owe the whole of Derbyshire County Council staff an apology making these allegations.

Today Chairman I am angry, as you can probably tell, because I find it utterly abhorrent that an elected member can go about his business and use our staff in such a way to gain political momentum.

So, Councillor Fordham, you have pulled your motion for this afternoon, you have got cold feet and I understand why because I know there are more than 60 members in this room who were looking forward to debating with you this afternoon. I know those members would have been very much in my camp as far as the way you have behaved. I for one am not finished with this particular issue yet because I expect a public apology from you to the public, to the Council, through the press if you like because you seem to be able to dictate to *Derbyshire Times* what is printed. They don't even print the response that came from the County Council in full but they gave you three pages. So Chairman, in all I have made my views clear and if you can't do that and be big enough to step forward and give an apology to those individuals in a public fashion, I will take matters into my own hands.

Councillor M Ford asked the following supplementary question:

Like Councillor Spencer, and I am sure like many others, I was appalled to see the attack on our staff in the mail by a member who has been on here five minutes. I have been on here since 2005 and I know others who have been on here a lot longer than me and I wouldn't have a clue how to do my job without the help and assistance of our excellent, excellent support staff. I will go a bit further, not just the support staff but every member of staff I have come across in this Council has been professional and have worked with me with complete openness and complete honesty.

For Councillor Fordham to go to the press, as Councillor Spencer said to attack them in the way he did was abhorrent. It was crass and it was puerile, so would Councillor Spencer agree with me that all our staff, *all* our staff, but especially the support staff who operate using sensitive data operate in the most open, honest, sensitive and secure way possible?

Councillor S Spencer responded as follows:

Chairman, I expect high standards from our staff, as I expect high standards from our colleagues and myself as well for that matter. What I will say to you, Councillor Ford, is that I believe our staff who act in our best interests are dedicated to what they do in serving the public and their roles are so diverse. Councillor Fordham surely knows that when he shortly after the election was in and out of our office asking advice on numerous issues of numerous members of staff he was given as much assistance as he could possibly be given, that has always been the case with the individuals concerned, but the trouble with the media expression that took place it undermines not just those individuals it undermines a process in which our staff are suspected of doing something they have not done and I will say today, Chairman, I have every confidence in the measures that are in place. I will look at them and I will enhance them if required and I will also carry out a review of whether secretarial support is needed for all members of this organisation.

l) Question from Councillor R George to Councillor A Dale, Cabinet Member for Education

Having seen the recommendations of officers that the school walking routes from Whaley Bridge and Chinley to Chapel High School are both currently safe for children, I am very grateful to the cross-party group of councillors who formed the Walking Route Assessment Panel for their impartial views on the routes.

When will the Council be issuing the results of these assessments and will the Executive Member confirm that a panel of democratically elected and accountable councillors will continue to assess all school walking routes where communities have justifiable concerns for children's safety?

Councillor A Dale responded as follows:

I just want to start by offering a bit of clarity in relation to your first point around officer recommendations.

The current process that we follow is that Panel members conducting the assessment receive background paperwork which reminds them of the criteria they need to follow as well as route information, some officer comment, and information around previous recordings of accidents. The paperwork does not specify a recommendation from officers for whether or not the route is safe, that is left open to members on the Panel to determine. That is not to say though that officers who accompany members on the walks to provide technical advice are not entitled to their own professional opinion but I would just like to be clear that the two things are obviously quite different.

In relation to the two specific assessments you have highlighted my understanding is the reports are being finalised this week and are therefore due for a decision imminently within the next few weeks.

Finally in regard to your latter point I can confirm that we are currently reviewing the process in relation to the route assessments and that is because we are mindful of the time it takes from a request being made to a decision being taken. It can be quite prolonged which clearly isn't in the best interests of children and parents involved. Often some of the challenges are in arranging the Member Panels themselves. They can be quite a task because of the need for volunteers to come forward, the distances involved in terms of some members having to travel, and also the coordination of diaries. It is important that we also consider the use of technology now and how it might be able to assist us in moving forward. I would add, though, that no decisions have been taken as yet and we will consider various options but I can absolutely assure Councillor George that democratic accountability and the participation of elected members will continue to be a key feature within any new process which is agreed.

Councillor R George asked the following supplementary question:

I am glad to hear that the assessments will shortly be coming forward. They are much awaited by those parents.

I am concerned at the review of the process that you have just announced because actually going and walking a route alongside a road with heavy vehicles with traffic in all sorts of weather is a key part of what we expect children to do and therefore it should be something that we expect our councillors to be able to do. Actually the councillors on that Walking Route Assessment Panel I found on both those routes to be remarkably versatile, they were really accommodating. They came out to both routes very quickly as soon as it was announced that they could go ahead. I think the Council needs to take that into account and not try and downgrade that important role of elected members from across the county by claiming that there is an issue with diaries because that simply hasn't been the case.

Councillor A Dale responded as follows:

I am not sure if it was a question, but I will attempt to just come back because I did feel I ought to clarify a little bit.

I want to be absolutely clear that I myself have attended a number of these walks over the past four years so I fully appreciate and fully accept the role that elected members play and fully value it as well. What I was saying there around the review was not in any way - and I did make it pretty clear in my final remarks - that democratic accountability and participation of elected members will continue to be a key feature with any new process. I did make it pretty clear I think that that was going to continue to be the case. There wasn't any expectation that the walks wouldn't necessarily happen.

I would just add though that part of the reason behind the review actually is we have looked back at the policy itself and it doesn't include the mention of elected members. If you go by the policy alone it refers to officers undertaking the review so at the moment, we are doing something based on convention which has made the review necessary. I just thought that point is pretty important to add, I didn't want her to think it was a review that was completely unnecessary.

I think the point she is making around them not being that difficult to organise I would like to put her in the shoes of my own secretary who does have to organise these routes and I know she pulls her hair out virtually every time because it is quite difficult to get members to come forward. I would encourage all members, including Councillor George, to put their names forward to do more of these routes. If they want to see elected members doing them and walking them then we need councillors to come forward so I would encourage all members, including her, to put themselves forward for doing them.

83/21 APPOINTMENT OF THE MANAGING DIRECTOR - DIRECTOR OF LEGAL & DEMOCRATIC SERVICES AND DIRECTOR OF ORGANISATION DEVELOPMENT & POLICY

Ms Alexander left the room while this item was considered

Council gave consideration to a report that confirmed on 15 September 2021, Council had approved a new role of Managing Director to its structure. Council had also agreed that the role should be advertised internally and externally and appointed to through an open and competitive process, supported by an external recruitment partner.

As permitted within the Council's constitution, an Appointment Panel consisting of Councillors Lewis, Spencer and Dixon had been formed to participate in the recruitment process and consequently the Panel had made recommendations to Council in respect of the appointment. The panel were supported in the recruitment and selection process by the Director of Organisation Development and Policy with Penna PLC awarded the contract as the external recruitment partner.

Details of the full recruitment process were contained in the report.

Following the recruitment and selection process, the Panel had agreed to recommend that Emma Alexander should be appointed as Managing Director with effect from 6 December 2021. Council agreed on 15 September 2021 that the Managing Director would fulfil the statutory role of Head of Paid Service upon taking up post.

Given the appointment of an internal candidate to the role of Managing Director, the role of Executive Director Corporate Services and Transformation would as a result become vacant. It had been proposed that this role was appointed to on a temporary basis to enable the

Managing Director role to be implemented as soon as possible.

On the motion of Councillor B Lewis, duly seconded, it was

RESOLVED to:

1) Approve the appointment of Emma Alexander to the role of Managing Director, with the role formally designated as Head of Paid Service, with effect from 6 December 2021;

2) Authorise the Head of Paid Service to appoint to the role of Executive Director Corporate Services and Transformation on a temporary basis of no more than 6 months, in consultation with the Chair and Vice-Chair of the Appointments and Conditions of Service Committee, and approve the salary for the role at the bottom salary point of Grade 20, currently £117,869 per annum; and

3) Note the renaming of the former CCP department to the Corporate Services and Transformation department.

84/21 PERFORMANCE MONITORING AND BUDGET MONITORING/FORECAST OUTTURN 2021-22 AS AT QUARTER 1 - MANAGING EXECUTIVE DIRECTOR AND DIRECTOR OF FINANCE & ICT

Council gave consideration to a report that presented both Council Plan performance and financial budget monitoring and forecast outturn data as at 30 June 2021.

The Performance Summary set out the progress the Council was making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities.

The Revenue Budget Position and Financial Summary provided an overview of the Council's overall budget position and forecast outturn as at 30 June 2021.

Appendices to the report summarised progress on Council Plan deliverables and the controllable budget position by Cabinet Member Portfolio for 2021-22 as at 30 June 2021. Further reports would be considered at Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations.

On the motion of Councillor B Lewis, duly seconded, it was

RESOLVED to note:

1) The update of Council Plan performance and the Revenue Budget position/forecast outturn for 2021-22 as at 30 June 2021 (Quarter 1); and

2) The position on General and Earmarked Reserves.

85/21 **ANNUAL REPORT OF THE CHAIRMAN OF THE GOVERNANCE, ETHICS AND STANDARDS COMMITTEE - DIRECTOR OF LEGAL & DEMOCRATIC SERVICES & MONITORING OFFICER**

Council gave consideration to a report that confirmed the terms of reference for the Governance, Ethics and Standards Committee as outlined at Article 11 of the Constitution required the Chairman to provide an Annual Report to full Council. The report outlined the work done by the Committee over the last year and provided an indication of the work programme for the next municipal year.

The report of the Chairman of the Governance, Ethics and Standards Committee had been attached at Appendix 2 to the report and was presented by Councillor R Flatley.

On the motion of Councillor R Flatley, duly seconded it was

RESOLVED to receive and note the report of the Chairman of the Governance, Ethics and Standards Committee.

86/21 **REVISIONS TO THE COUNCIL'S CONSTITUTION - DIRECTOR OF LEGAL & DEMOCRATIC SERVICES & MONITORING OFFICER**

Council gave consideration to a report setting out proposed amendments to the Constitution that had been considered by the Governance, Ethics and Standards Committee at its meeting on 20th October 2021 and the Committee resolved to recommend those amendments to Council. A copy of the report to the Governance, Ethics and Standards Committee detailing the specific changes proposed had been included at Appendix B to the report.

On the motion of Councillor B Lewis, duly seconded,

RESOLVED to approve the proposed amendments to the Constitution as set out in the report and as recommended by the Governance, Ethics and Standards Committee.

87/21 **DERBYSHIRE YOUTH JUSTICE PLAN 2021-22 - EXECUTIVE**

DIRECTOR - CHILDREN'S SERVICES

Council gave consideration to a report which sought approval of the Youth Justice Plan prepared in accordance with Section 40 of the Crime and Disorder Act 1998, as part of the Council's Policy Framework.

Section 40 of the Crime and Disorder Act required the local partnership to produce an annual youth justice plan. It stipulated that the Local Authority, in consultation with the partner agencies, formulated and implemented an annual youth justice plan, setting out:

- how youth justice services in their area were to be provided and funded;
- how the youth offending service would be composed and funded, how it would operate, and what functions it would carry out.

The plan had been drawn up in conjunction with YOS strategic partners, in accordance with the detailed Youth Justice Board guidance and was submitted ahead of the Youth Justice Board deadline of 30th June.

The Youth Justice Plan was a plan required by legislation. It was also one of the plans making up the Policy Framework. As the Plan related to an executive function, it was formally approved by Cabinet on 9th September 2021. However, as part of the Policy Framework, it also required approval by full Council.

On the motion of Councillor J Patten, duly seconded, it was

RESOLVED to

1) Note that Cabinet had approved the Youth Justice Plan; and

2) Approve the Youth Justice Plan as part of the Policy Framework.

88/21 CHANGES TO COMMITTEE MEMBERSHIP - DIRECTOR OF LEGAL & DEMOCRATIC SERVICES & MONITORING OFFICER

At the Annual Meeting of Council on 26 May 2021, Council approved the appointments to Committees including the Governance, Ethics and Standards Committee. Council considered a report proposing changes to Committee membership and outside body representation which needed to be approved as detailed below:

- Councillor Stuart Swann be appointed as Chairman of the Governance, Ethics and Standards Committee; and
- Councillor Robert Flatley be appointed as Vice-Chairman of the

Governance, Ethics and Standards Committee.

Cabinet appointments and portfolio responsibilities were determined by the Leader of the Council. Councillor Robert Flatley had replaced Councillor Nigel Gourlay as the Cabinet Support Member for Education and the Council had been notified of the following amendments to the County Council's representative on the outside bodies associated with that position, which Council was requested to approve with immediate effect:

- Councillor Robert Flatley to be the County Council's representative on the Derbyshire Information Advice and Support Service for SEND;
- Councillor Robert Flatley to be the County Council's representative on the Derwent Valley Mills World Heritage Site Education Trust (Trustee);
- Councillor David Muller to be the County Council's representative on Derbyshire Healthcare NHS Trust Foundation Trust Partner Governor.

On the motion of Councillor B Lewis, duly seconded, it was

RESOLVED, that with effect from 2 December 2021, to:

1) Approve the appointment of Councillor Stuart Swann as the Chair of the Governance, Ethics and Standards Committee and Councillor Robert Flatley as Vice-chair; and

2) Note the change to the Cabinet Support Member for Education and agree that Councillor Gourlay is replaced by Councillor Robert Flatley as the County Council's representative on the Derbyshire Information Advice and Support Service for SEND and the Derwent Valley Mills World Heritage Site Education Trust (Trustee); and Councillor David Muller as the County Council's representative on Derbyshire Healthcare NHS Trust Foundation Trust Partner Governor.

89/21 <u>APPOINTMENT OF MEMBERS TO THE INDEPENDENT REMUNERATION PANEL - DIRECTOR OF LEGAL & DEMOCRATIC SERVICES</u>

Council gave consideration to a report outlining that the Derbyshire County Council Independent Remuneration Panel comprised of five members, none of whom were members of the Council or any of its committees, nor an employee of the Council. Panel members were appointed for a period of four years and no member may serve for more than two terms of office of four years.

Members would recall that Council approved the proposal to recruit two members to the Panel on 24 March 2021 to fill two vacancies.

Following a public advertisement, interviews were held on 17 and 20 September 2021. Two of the three candidates interviewed were considered suitable for appointment to the Panel; namely Mr Peter Clay and Peter Clifford.

Satisfactory references had been received for both candidates and it had been proposed that Council approve their appointment to the Independent Remuneration Panel for an initial four-year term.

On the motion of Councillor B Lewis, duly seconded, it was

RESOLVED to approve the appointment of Mr Peter Clay and Mr Peter Clifford to the Independent Remuneration Panel for a four-year period from 2 December 2021.

90/21 **DECISIONS TAKEN AS A MATTER OF URGENCY AND KEY DECISIONS AND SPECIAL URGENCY - DIRECTOR OF LEGAL & DEMOCRATIC SERVICES & MONITORING OFFICER**

Council gave consideration to a report setting out that under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, before the Council makes a key decision certain information needs to be published 28 clear days in advance. This was usually known as the ‘Forward Plan’. The Regulations recognised that in the case of urgent decisions, this was not possible.

The Regulations required a report to Council at least once a year detailing each key decision taken where it had been agreed that the special urgency provisions applied. The Access to Information Procedure Rules included in Appendix 6 to the Constitution required the report to be submitted on a quarterly basis to full Council.

In accordance with the above requirement, Appendix 2 of the report set out the key decisions taken where special urgency provisions were agreed since the last report to Council.

On the motion of Councillor B Lewis, duly seconded,

RESOLVED to note:

1) The key decisions taken where special urgency provisions were

agreed as detailed at Appendix 2 to the report; and

2) The urgent decisions taken where the call-in procedure was waived under the Improvement and Scrutiny Procedure Rules as detailed at Appendix 3 to the report

A short adjournment took place between 4:04 and 4:10 pm.

91/21 MOTIONS

Council considered the Motions of which due notice had been given, as set out below:

Motion submitted by Councillor E Fordham:

Motion proposed by Councillor E Fordham, which was duly seconded:

Enhancing the Peak District National Park. This Council notes:

1. The 90th anniversary of the mass trespass of Kinder Scout on 24th April 1932
2. That the Peak District National Park - itself 70 this year - was the first created in the UK following the National Parks and Access to the Countryside Act in 1949
3. That the Peak District National Park Authority is a valued partner to the County Council and provides focus and function to the work of preserving and enhancing our environment
4. The publication of The Glover Report entitled Landscapes Review: National Parks and AONBs, and its significance for Derbyshire and our economy

This Council resolves:

1. To set up a cross Party Working Group comprising the Leaders of all political groups or their nominated representative, Cabinet Member for Infrastructure & Environment and the Chairs of the Improvement and Scrutiny Committees – Places, and Climate Change, Biodiversity and Carbon Reduction:

2. To engage with the Landscapes Review with the following principles:

   a. Honestly reflecting our opinion in respect of the service the National Park Authority has provided

   b. To consider carefully the new and enhanced powers being proposed

c. That this is a good time to seek views within Derbyshire on the Park Authority and its role and powers

d. To reflect positively on what will work best for the future for the Peak District, the people who live and work there, and the assorted local government authorities

After discussion Councillor Fordham agreed that this motion should not be put to the vote and be resubmitted at a later point in time where it would be more appropriate.

Motion submitted by Councillor T King:

Motion proposed by Councillor T King, which was duly seconded:

Derbyshire County Council

(i) Acknowledges:

- the efforts that this Council has made over the last four years or so to reduce greenhouse gas emissions and promote renewable energy;
- the success of the Council's Green Entrepreneurs Fund in, amongst other things, encouraging community energy schemes and in enabling communities to potentially move towards self-sufficiency in supplying their own energy needs via 'green' methods;
- renewable energy installations will gain the support of local residents and other stakeholders when appropriately located and deliver genuine benefits to the communities they serve.

(ii) Further recognises

- that large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being near impossible for local renewable electricity generators to do so,
- that making these financial costs proportionate to the scale of a renewable electricity supplier's operation could create opportunities for local companies, community groups, and Councils, where supported by local residents, to be providers of locally generated renewable electricity directly to local people, businesses and organisations, if they wished, and
- that revenues received by such local companies, community groups or Councils that chose to become local renewable

electricity providers could be used to help improve the local economy, local services and facilities and to reduce local greenhouse gas emissions.

- Notes that the Parliamentary Environmental Audit Committee, as a result of its 2021 Technological Innovations and Climate Change inquiry, recommended that a Right to Local Supply for local energy suppliers be established to address this.

Therefore, this Council resolves to

- support the Local Electricity Bill, which, if made law, would establish a Right to Local Supply which would promote appropriate local renewable electricity supply by making the setup and running costs of selling renewable electricity to local customers proportionate to the size of the supply company,

- inform local media outlets of this decision,

- invite the Leader of the Council to write to local MPs, asking them to support the Bill, and write to the organisers of the campaign for the Bill, Power for People, expressing its support.

The motion was duly voted on and declared carried and Council:

RESOLVED to

1) Support the Local Electricity Bill, which, if made law, would establish a Right to Local Supply which would promote appropriate local renewable electricity supply by making the setup and running costs of selling renewable electricity to local customers proportionate to the size of the supply company;

2) Inform local media outlets of this decision; and

3) Invite the Leader of the Council to write to local MPs, asking them to support the Bill, and write to the organisers of the campaign for the Bill, Power for People, expressing its support

Motion received from Councillor G Kinsella:

Motion proposed by Councillor G Kinsella, which was duly seconded:

Derbyshire County Council notes the following outcomes from the COP26 Global Summit:

Local government role:

That the Glasgow Climate Pact recognises a crucial role for communities and local authorities. By "recognising the important role of … local communities and civil society, including youth and children, in addressing and responding to climate change, and highlighting the urgent need for multilevel and cooperative action." Furthermore, the Pact explicitly calls on us "to actively involve ... local communities in designing and implementing climate action."

Active Travel:

That the COP26 declaration on accelerating the transition to 100% zero emission cars and vans states: "a sustainable future for road transport will require wider system transformation, including support for active travel, public and shared transport, as well as addressing the full value chain impacts from vehicle production, use and disposal."

Sustainable production and consumption:

That the COP26 Glasgow Leader's Declaration on Land Use, signed by the UK, commits to "facilitate trade and development policies, internationally and domestically, that promote sustainable development, and sustainable commodity production and consumption, that work to countries' mutual benefit, and that do not drive deforestation and land degradation."

UK Net Zero Forum:

That shortly before the Glasgow conference the UK government published its Net Zero Strategy, which includes the intention to establish a Net Zero Forum to coordinate the strategy with local government.

This Council believes:

That COP26 failed to provide:

- The national targets that could put the world on course for limiting global average temporary rise to 1.5C

- The carbon price mechanisms needed to shift the world economy away from fossil fuels

- The necessary finance for the less developed nations to develop without fossil fuels or to deal with the loss and damage caused to them by wealthier nations that are historically responsible

- Provision to outlaw all loopholes in ‘offsetting’ mechanisms

- Commitments to phase out fossil fuels

The chances for a strong outcome from COP26 were weakened by the UK Government’s mixed messages on climate action:

- The reduction in tax on internal flights

- The continued commitment to new fossil fuel extraction in Cumbria and the North Sea oilfields

- Cuts to overseas aid

That the Climate Change Committee is correct when it states that it is “crucial for the [Net Zero] Forum to promptly develop an agreed understanding of the role of local government in delivering Net Zero. Furthermore, Government must ensure that critical enabling processes, such as the planning system and appraisal methodologies, are properly aligned to these pathways. Coherent, predictable and long-term funding settlements will help realise effective local delivery that works across communities.”

This Council resolves, in line with the Glasgow Pact and associated declarations:

- To develop the ‘golden thread’ – the alignment of performance measures with the objectives of the Climate Change Strategy. These metrics are part of the Council’s performance framework and ensure that every Council service, teams and individuals are clear on the measures that are used to hold them to account on how they are contributing to the Council’s net-zero journey.

- To achieve the ambitions set out in the Climate Change Strategy and linked to team and individual performance, the Council speed up delivery of appropriate carbon literacy training for Council staff and members.

- To provide for genuine public engagement, that recognising the diversity of our community, in designing and implementing climate actions. Also, for this engagement to make a difference and not be a ‘rubber stamp’ on existing plans.

- To strengthen strategic partnerships with Districts, Parish and Town Councils and anchor institutions such as the local NHS Trust, schools, businesses and economic partners, the aim being to provide and regularly update plans for decarbonising both their own activities and their supply chains.

- To play our part in the wider transport system transformation, including support for active travel, public and shared transport.

The motion was duly voted upon and declared LOST.

Motion received from Councillor R George:

Motion proposed by Councillor R George, which was duly seconded:

Resolution to become a Living Wage Foundation Council and to Make Flexible Working the Default

This Council recognises:

1. The vital work done by County Council staff across all grades of pay, including those in care, schools, maintenance and administration who have been on the frontline in person or by phone to support vulnerable residents during the pandemic and we thank them for the sacrifices they have made.

2. That our frontline services are suffering from a crisis of recruitment that is affecting our service delivery to those who most need us, in spite of the hard work and dedication of existing staff.

3. That a fair level of pay and flexibility over hours of work are essential to enable the Council to recruit and retain the skilled staff we need at all levels.

4. That over 70 Councils are already accredited by the Living Wage Foundation as Living Wage employers, as championed by the Prime Minister as Mayor of London, not only investing in their staff but supporting their local communities and economies.

5. That the real Living Wage, as set by the Living Wage Foundation is currently £9.90 an hour compared to Grades 1 and 2 in Derbyshire which apply to many catering staff are £9.25 an hour, Grade 3 which applies to many care staff is £9.43, Grade 4 is £9.62 and Grade 5 starts at £9.81 an hour.

6. That the Government has indicated they wish to see flexible working become the default and is running a consultation to put this into practice, stating, “Flexible working can be particularly valuable for those who need to balance their personal lives with their working

> lives, including those with caring responsibilities. It can also bring benefits to employers – attracting more applicants and increasing productivity and motivation levels among staff.”

To recognise and support the valuable work of Council staff in all departments, and to aid recruitment to vital frontline roles, Derbyshire County Council therefore resolves:

1. To become a Living Wage employer, accredited by the Living Wage Foundation

2. To implement the recommendations of the Government’s consultation, ‘Making Flexible Working the Default’, including giving serious consideration to flexible working arrangements for all staff and successful job applicants who request it, and making this clear in our recruitment.

The motion was duly voted upon and declared to be LOST.

Council Procedure Rules - Standing Order 4.1

On the motion of Councillor B Lewis, duly seconded,

RESOLVED that under rule 4.1 of the Council Procedure Rules within the Council’s Constitution relating to the time meetings should end (5pm) Council agreed the meeting should continue for a period of 25 minutes to enable the remaining business on the agenda to be considered.

Motion submitted by Councillor W Major

As Councillor Major had submitted apologies for the meeting, the motion was not moved and therefore not considered

Motion submitted by Councillor E Fordham:

The motion was withdrawn by Councillor E Fordham.

The meeting closed at 5.10pm.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Report of the Executive Director, Corporate Services and Transformation

Statement of Accounts 2020-21

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To present the approved Statement of Accounts 2020-21.

4. Information and Analysis

4.1 In response to the Covid-19 pandemic, the Ministry of Housing, Communities and Local Government (predecessor of the Department for Levelling Up, Housing and Communities) issued revised regulations to extend statutory deadlines in respect of 2020-21 local authority accounts. The requirement for the public inspection period to include the first ten working days of June was removed. Instead, for 2020-21, the unaudited accounts of local authorities must be certified by the S151 Officer (at that time the Council's Director of Finance & ICT) and published no later than 31 July 2021, with the public inspection period commencing on or before the first working day of August 2021. The publication date for 2020-21 audited accounts, approved by the Audit Committee, was moved from 31 July to 30 September 2021 for all local authority bodies.

4.2 The Council published its certified pre-audit Statement of Accounts 2020-21 on 30 July 2021, before the statutory deadline, and submitted them to the Council's external auditor, Mazars, on the same day.

4.3 The public inspection period commenced at 9am on 2 August 2021 (the first working day of August 2021) and concluded at 4pm on 13 September 2021. No queries were received.

4.4 The core financial statements in the Statement of Accounts are:
- Comprehensive Income and Expenditure Statement (CIES)
- Balance Sheet
- Cash Flow Statement
- Movement in Reserves Statement (MiRS)
- Pension Fund Accounts
- Annual Governance Statement

4.5 At Audit Committee on 21 September 2021, a detailed presentation, followed by a Question and Answer Session, took place, to explain the Statement of Accounts 2020-21 in more detail and to respond to any particular queries Members had.

4.6 The Council published notices of delay in publishing its audited Statement of Accounts 2020-21 on 30 September 2021, due to external audit staff resource constraints. The Council continued to work closely with the external auditor to ensure the required work was completed as soon as possible.

4.7 The Audit Reports of the external auditor were presented to Audit Committee on 21 September 2021 for the Derbyshire Pension Fund and on 7 December 2021 for the Council. Audit Committee will be provided with an update in respect of control recommendations raised in these reports before the end of the financial year.

4.8 The Statement of Accounts 2020-21 were approved by Audit Committee on 7 December 2021.

4.9 The final audited Statement of Accounts 2020-21 were published following formal conclusion of the audit, when the external audit opinions were issued, on 22 December 2021.

4.10 The Council’s external auditor is required to prepare an “Auditor’s Annual Report” to Members and Officers of the Council. A further report to this full Council meeting, from the external auditor, is this Auditor’s Annual Report, which summarises the conclusion on the financial statements and any significant matters arising from that work, and includes a commentary on the Council’s arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness in its use of resources.

4.11 The auditor issues an opinion on the financial statements, a commentary on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources, and an audit certificate to confirm the work for 2020-21 is complete.

4.12 The issuing of the Auditor’s Annual Report and audit certificate mark the end of the Council’s audit process for 2020-21. The Council has published on its website that the audit has been concluded.

4.13 Details of changes made to the pre-audit Statement of Accounts are included at Appendix Two.

4.14 A copy of the final audited Statement of Accounts is appended to this report at Appendix Three.

5 Consultation

5.1 No consultation is required.

6 Alternative Options Considered

6.1 None - The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. It is best practice for the approved Statement of Accounts to be presented to full Council.

7 Implications

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

8 Background Papers

8.1 Papers held electronically by Financial Strategy Section, Financial Management & Strategy, Finance & ICT Division, County Hall.

9 Appendices

9.1 Appendix One – Implications.

9.2 Appendix Two - Details of changes made to the pre-audit Statement of Accounts 2020-21.

9.3 Appendix Three - Final audited Statement of Accounts 2020-21.

10 Recommendation

That Council:

10.1 Notes the report and the approved Statement of Accounts 2020-21.

11 Reasons for Recommendation

11.1 It is good financial management practice for the approved Statement of Accounts to be presented to full Council.

Report Author:
Eleanor Scriven

Contact details:
eleanor.scriven@derbyshire.gov.uk

This report has been approved by the following officers:

On behalf of: Managing Director Executive Director, Corporate Services and Transformation (S151 Officer) Director of Legal Services and Monitoring Officer	

Appendix One

Implications

Financial

1.1 As outlined in the body of the report.

Legal

2.1 The Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 require local authorities to publish draft Statement of Accounts, certified by the S151 Officer (at that time the Council's Director of Finance & ICT) and subject to audit, on or before 31 July 2021.

2.2 Under the Local Audit and Accountability Act 2014 (Sections 25 to 28), the Accounts and Audit Regulations 2015 (Regulations 10, 14 and 15) and the Accounts and Audit (Amendment) Regulations 2021, the Council's accounts for the year ended 31 March 2021 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts) must be made available for public inspection, with the public inspection period commencing on or before the first working day of August 2021.

2.3 The audited Statement of Accounts must be approved by the Audit Committee by 30 September 2021 in accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2021.

2.4 A notice of delay in publishing audited Statement of Accounts by 30 September 2021 is allowed for by Regulation 10, paragraph (2) of the Accounts and Audit Regulations 2015 (SI 2015/234), as amended by the Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263). This notification explains, in Regulation 10 (2) (a), that an authority is not yet able to publish its audited 2020-21 Statement of Accounts in line with publication date of 30 September 2021, as set out in Regulation 10 (1).

2.5 The Auditor's Annual Report is a means by which the appointed auditor fulfils its statutory requirements. The issuing of the letter, along with an audit certificate, marks the end of the audit process. The authority then publishes on its website that the audit has been concluded in accordance with the Accounts and Audit Regulations 2015.

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

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

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

7.1 None

Appendix Two

Schedule of Changes to the Statement of Accounts

	Accounts Reference (Note references refer to the Statement of Accounts at Appendix Two)	**Issue**
	Council Accounts	Only changes are to disclosures.
1	Balance Sheet/Note 27	Non-Current Liabilities split into two lines, to disclose Non-Current Pensions Liabilities on a separate line to other Non-Current Liabilities (total is the same).
2	Balance Sheet/Note 26	Non-Current Provisions disclosure split into two lines, to separately disclose an immaterial Current Provisions balance (total is the same).
3	Note 2 Critical Judgements	New Waste Treatment Facility accounting treatment disclosure updated to clarify the accounting treatment in the pre-audit accounts (no change).
4	Note 5 Assumptions Made and Other Estimation Uncertainty	Sentence inserted to the disclosure to clarify that there is no Material Valuation Uncertainty in the Council's valuation certificate in respect of PPE.
5	Note 35 Pooled Budgets	Comparative figures inserted in respect of the Better Care Fund pool.
6	Note 14 PPE	The table showing the movement in PPE assets during the year updated to correct the split of movements (totals the same) between the following categories: Additions, Transfers to Heritage Assets and Transfers Within PPE.
7	Note 14 PPE	Valuation years updated in the table showing valuations over the last five years (no change to figures) and table updated to show only PPE valuations.
8	Note 15 Heritage Assets	The table showing the movement in Heritage Assets during the year updated to correct the split of movements (totals the same) between the following categories: Transfers from PPE and Transfers Within Heritage Assets and to disclose a trivial depreciation charge and disposal with a net nil impact.
9	Note 15 Heritage Assets	Paragraph inserted with regard to the accounting treatment of Buxton Crescent.
10	Note 17 Capital Expenditure and Capital Financing	Split of capital expenditure removed as not required and split corrected between Revenue Expenditure Funded from Capital Under Statute and Capital Additions (total is the same).
11	Note 51 Contingent Liabilities	Contingent Liabilities note added in respect of the New Waste Treatment Facility.

	Pension Fund Accounts	
1	Throughout	Statement of Accounts and Notes updated to adjust for unquoted investment valuations received after the deadline for publishing the pre-audit accounts. This adjustment was proactively instigated by the Council and was not as a result of an audit request.
2	Note 10 Management Expenses	Disclosure of fees chargeable by external audit for assurance work at the request of employer auditors.
3	Note 13 Investment Assets and Liabilities	Disclosure analysis of Pooled Investment Vehicles updated. List of Pooled Investment Vehicles Fund Managers registered outside the UK removed as not required.
4	Note 21 Financial Instruments	Interest rate risk table added and disclosure updated. Comparatives included in tables for price risk and currency risk.
5	Note 23 Participating Employers	Tables giving details of contributions of all participating employers removed as not required.

DERBYSHIRE County Council

Statement of Accounts 2020-21

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

CONTENTS

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.

Pension liabilities have increased 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.

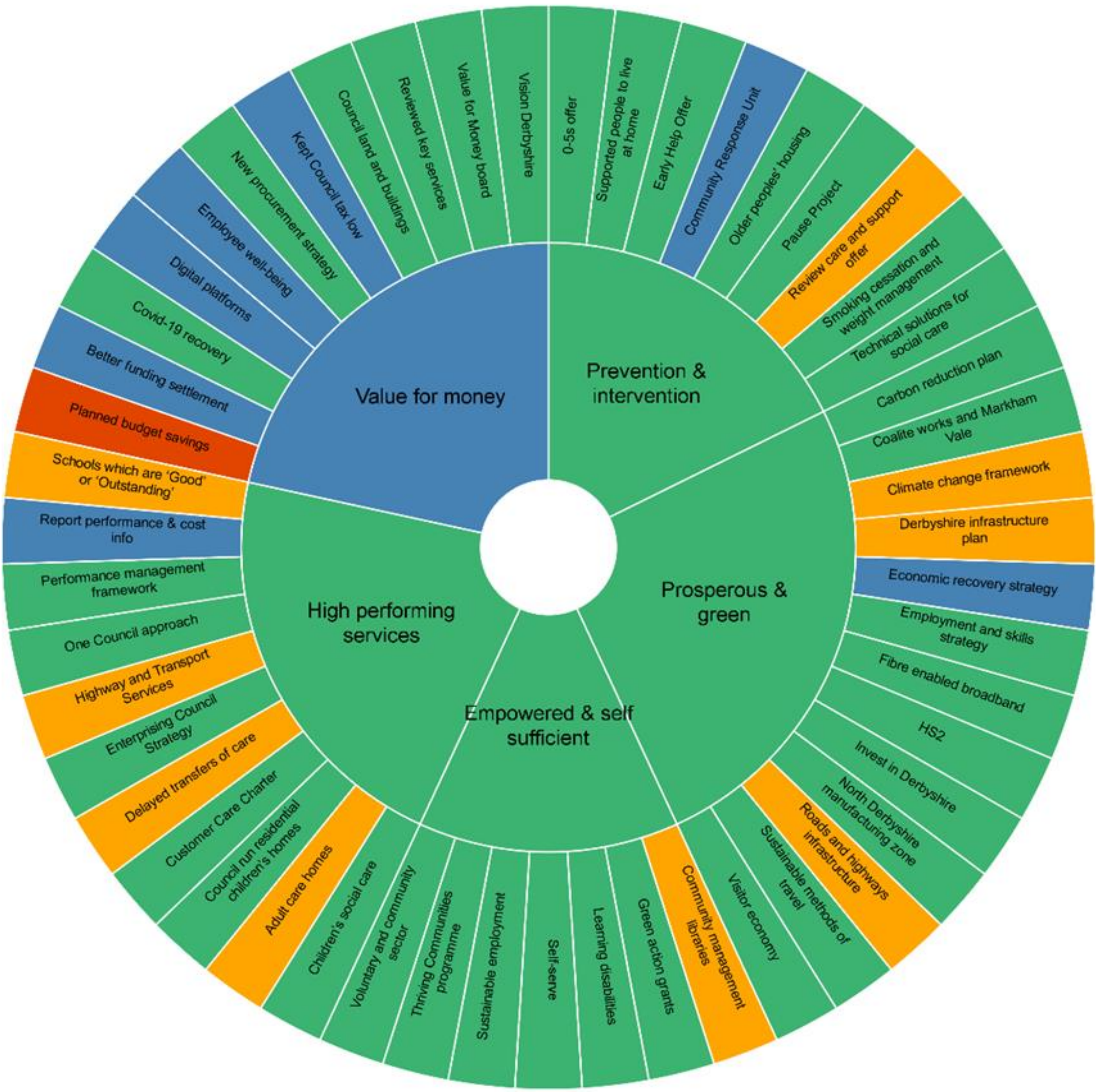
The "Empowered and Self-Sufficient Communities" priority has seen an improvement since quarter 3 with the deliverables rated as good increasing from five to six. In particular, progress has been made towards Phase 2 of the Thriving Communities programme and in supporting people with learning disabilities 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
7 December 2021

The Statement of Accounts were approved by the Audit Committee on 7 December 2021.

Councillor Gary Musson
Chair of the Audit Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		Note	2019-20			2020-21		
			Gross Exp £m	Gross Inc £m	Net Exp £m	Gross Exp £m	Gross Inc £m	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)
(5.022)	Provisions	26	(6.400)
(201.744)	**Total Current Liabilities**		**(250.081)**
(242.566)	Non-Current Borrowing	21	(243.715)
(7.210)	Provisions	26	(9.120)
(706.324)	Pensions Liabilities	27	(1,084.181)
(64.394)	Other Non-Current Liabilities	27	(59.832)
(1,025.516)	**Total Non-Current Liabilities**		**(1,396.848)**
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.

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 it has been determined that it will be recognised on the balance sheet at 31 March 2021 as an Asset under Construction due to the asset not yet being been brought into service.

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. There is no Material Valuation Uncertainty in the Council's valuation certificate.

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 £m		2020-21 £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 £m		2020-21 £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**		

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

		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

NOTES TO THE CORE FINANCIAL STATEMENTS

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)**

NOTES TO THE CORE FINANCIAL STATEMENTS

		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 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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		14.266	2.870	29.129	0.222	0.005	27.985	**74.477**
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)**
Transfers within PPE		(1.193)	(1.499)	6.983	0.089	16.804	(21.184)	**0.000**
Transfers to Heritage		0.000	0.000	0.000	0.000	0.000	(35.290)	**(35.290)**
Transfers 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 2019-20 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**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
VALUATION							
At 31 March 2021	287.499	0.000	0.000	0.000	16.091	0.000	303.590
At 31 March 2020	215.864	0.000	0.000	0.000	0.000	0.000	215.864
At 31 March 2019	262.793	0.000	0.000	0.000	0.000	0.000	262.793
At 31 March 2018	264.678	0.000	0.000	0.000	0.000	0.000	264.678
At 31 March 2017	167.399	0.000	0.000	0.000	0.000	0.000	167.399
	1,198.233	**0.000**	**0.000**	**0.000**	**16.091**	**0.000**	**1,214.324**
HISTORIC COST	**0.000**	**12.972**	**349.329**	**4.604**	**0.000**	**41.848**	**408.753**
CLOSING VALUE							
At 31 March 2021	**1,198.233**	**12.972**	**349.329**	**4.604**	**16.091**	**41.848**	**1,623.077**

15. NATURE AND SCALE OF HERITAGE ASSETS

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

	Monuments, Statues and Historic Buildings £m	County Buildings £m	Archives and Local Studies Collection £m	Museum Collection and Artefacts £m	Heritage Assets £m
COST OR VALUATION					
At 1 April 2020	**40.389**	**0.312**	**5.250**	**3.619**	**49.570**
Additions	1.015	0.000	0.000	0.000	**1.015**
Disposals	(35.984)	(0.258)	(0.813)	(1.060)	**(38.115)**
Revaluations	0.000	0.004	0.000	0.218	**0.222**
Transfers from PPE	35.290	0.000	0.000	0.000	**35.290**
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**
Depreciation Charge	(0.086)	0.000	0.000	0.000	**(0.086)**
Disposals	0.086	0.000	0.000	0.000	**0.086**
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.

Buxton Crescent has been classified as an Asset Under Construction for several years whilst the capital project was progressing. The expenditure, which represents several years accumulation of the Asset Under Construction balance has been capitalised in 2020-21 due to the asset becoming operational on 1 October 2020. Based upon a judgement of the substance of the transaction over its legal form, the Council has determined that the asset should be removed from the Balance Sheet to reflect the transfer of responsibility over the asset. This has led to the value of expenditure being treated as a disposal within the year.

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

2019-20 £m		2020-21 £m
79.994	Capital Additions	75.493
23.255	Revenue Expenditure Funded from Capital Under Statute	15.569
103.249	**Capital Expenditure**	**91.062**
48.900	Loans	14.359
7.833	Capital Receipts	2.591
46.516	Grants and Contributions	74.112
103.249	**Capital Financing**	**91.062**

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		Fair Value	
			31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	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		Fair Value	
	31 Mar 2020 £m	31 Mar 2021 £m	31 Mar 2020 £m	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

Total 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**

Maturity Profile of Provisions

	Insurance Fund	Exit Packages	Other	Total
	£m	£m	£m	£m
Current Provisions	0.000	1.841	3.181	5.022
Non-Current Provisions	7.210	0.000	0.000	7.210
31 March 2020	**7.210**	**1.841**	**3.181**	**12.232**
Current Provisions	0.000	0.625	5.775	6.400
Non-Current Provisions	9.120	0.000	0.000	9.120
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. NON-CURRENT LIABILITIES

Pensions Liabilities

31 Mar 2020 £m		31 Mar 2021 £m
(651.283)	Pensions Liability - LGPS	(1,026.589)
(55.041)	Pensions Liability - Teachers	(57.592)
(706.324)		**(1,084.181)**

Other Non-Current Liabilities

31 Mar 2020 £m		31 Mar 2021 £m
(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)
(64.394)		**(59.832)**

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 2019	Transfers In	Transfers Out	31 Mar 2020	Transfers In	Transfers Out	31 Mar 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**

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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)**

NOTES TO THE CORE FINANCIAL STATEMENTS

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	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20*	2020-21
	actual	actual	actual	actual	actual	actual	actual	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 (2019-20, £101.476m). Derbyshire County Council's contribution towards the pool is £44.227m, which represents 42.56% of the total contributions (2019-20, £43.209m, 42.58%).

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.

2019-20 £m	Pool Share %	Income	2020-21 £m	Pool Share %
43.209	42.58	Derbyshire County Council	44.227	42.56
55.878	55.07	Derby and Derbyshire CCG	57.189	55.03
2.389	2.35	NHS Tameside and Glossop CCG	2.501	2.41
101.476	**100.00**		**103.917**	**100.00**

2019-20 £m	Expenditure	2020-21 £m
23.076	CCG schemes for community health services	22.611
6.961	Disabled Facilities Grant	7.898
6.022	Equipment	6.380
4.591	Reablement	4.859
8.066	Joint working	8.465
0.407	Administration	0.428
2.149	Care Bill	2.259
2.048	Carers	2.154
1.023	Mental health	1.062
12.451	Support for people to remain out of hospital	13.104
31.055	Improved Better Care Fund	31.055
3.627	Winter Pressures	3.627
101.476	**Total Expenditure**	**103.902**
0.000	**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		2020-21		
Total £m		Trust Funds £m	Other Funds £m	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	Income 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 £m	2020-21 £m	2019-20 £m	2020-21 £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:		Present Value of assets:	(Surplus)/deficit in the Scheme:		
	LGPS £m	Discretionary Benefits £m	LGPS £m	LGPS £m	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	Referred Debt *	Expected Non-Recovery Rate	Factor for Current Economic Conditions **	General Loss Allowance	Specific Loss Allowance	Total Loss Allowance
	£m	£m	%	%	£m	£m	£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	Increase due to recognition of new Financial Assets	Decrease due to de-recognition of Financial Assets	Change due to modification of cash flows of the Financial Assets	Due to change in Average Default Rates	Due to change in significance of credit risk	Balance at end of year
	£m	£m	£m	£m	£m	£m	£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**

	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									
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	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									
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**

NOTES TO THE CORE FINANCIAL STATEMENTS

	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**

51. CONTINGENT LIABILITIES

New Waste Treatment Facility

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" (EFV) 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. The councils are trying to complete this within as short a time frame as possible, but the councils are not wholly accountable for the actions needed, as third parties have a direct influence on how long the process may actually take.

The financial range of the possible EFV for the plant is significant and constitutes a potential strategic risk to the Council. If an agreed EFV cannot be reached through negotiation, formal dispute resolution and litigation processes would have to be commenced by RRS, and an EFV would be settled through legal processes and ultimately the Courts. At the time of publication of the accounts, an agreed EFV has not been reached. In the event of either a negotiated position, or a Court decision, the payment required from the Council may be for a material amount.

52.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 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 the following, which are included wholly within the Corporate Services portfolio cost of services:

- 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 of, 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 purchasers willing to pay a reasonable price without marketing or because the buyer initiates the transaction (such as a right-to-buy-sale) the actively marketed test is treated as 'not applicable', rather than failed.

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

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 participant's 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 non-current 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 non-current assets needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

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

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

PFI Credits are treated as general revenue government grants.

1.25. **Capital Grants and Contributions**

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.
Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

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

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

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

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

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

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

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

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

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

1.28. **Capital Reserves**

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

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

REVENUE ACCOUNTING

1.29. **Recognition of Revenue Expenditure**

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

1.30. **Employee Costs**

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

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

Short Term Employee Benefits

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

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

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

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

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

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

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

Termination Benefits

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

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

Pensions Costs

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

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

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

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

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement within the relevant service area dependant on staff employed at the Council. The current service cost includes an allowance for administration expenses
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Gains/Losses on Settlements and Curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Interest Income on Plan Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-

term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement

- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Movement in Reserves Statement.
- Employer Contributions – cash paid by the Council to the Pension Fund.

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

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

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

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

1.32. **Revenue Grants and Contributions**

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

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

1.33. **Income from Service Recipients**

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

- Charges for service provided by the Council.
- Sale of goods provided by the Council.

- Fees and charges for services under statutory requirements where there is an exchange of assets or services, such as the issuing of a licence or processing of an application.

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

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

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

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

1.34. **Provisions**

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

Estimated settlements are reviewed at the end of each financial year and adjustments with the Comprehensive Income and Expenditure Statement are made as required.
Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

The Council does not hold any general provisions.

1.35. **Revenue Reserves**

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

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

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

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

1.36. **Research Costs**

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

1.37. **Members' Allowances**

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

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

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

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

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

1.39. **Inventories and Work in Progress**

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

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

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

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

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

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

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

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

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

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

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

TREASURY MANAGEMENT

1.41. **Definition of Treasury Management Activities**

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

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

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

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

1.42. **Cash and Cash Equivalents**

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

1.43. **Financial Liabilities**

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

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

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

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

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

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

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

1.44. **Financial Assets**

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

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

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

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

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

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

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

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

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

Values are based on the following principles:

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

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

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

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

Values are based on the following principles:

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

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

1.45. Interests in Companies and Other Entities

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

Independent Auditor's Report to the Members of Derbyshire County Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Derbyshire County Council ("the Council") for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Statement of Cash Flows, Movement in Reserves Statement and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

As explained more fully in the Statement of the Director of Finance & ICT's Responsibilities, the Director of Finance & ICT is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, and for being satisfied that they give a true and fair view. The Director of Finance & ICT is also responsible for such internal control as the Director of Finance & ICT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance & ICT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance & ICT is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21) , the Local Government Finance Acts of 1988, 1992 and 2012, the Local Government and Housing Act 1989 and the Local Audit and Accountability Act 2014 and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

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

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

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

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

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

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

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

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

Matters on which we are required to report by exception
We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

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

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

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

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

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

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

We have nothing to report in these respects.

Use of the audit report

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

Delay in certification of completion of audit

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

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

Mark Surridge (Key Audit Partner)

For and on behalf of Mazars LLP

45 Church Street
Birmingham
B3 2RT

22 December 2021

Public

Statement of Accounts Derbyshire Pension Fund 2020-21

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 over £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.

Periods to 31 Mar 2021	Return		Inflation		Fund Real Return	
	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

PENSION FUND ACCOUNTS
EXPLANATORY FOREWORD

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 (Withdrawals)/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)**
	Return 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	1,001.675
(222.342)	**Return on Investments**		**1,058.843**
(271.104)	**Net (Decrease)/Increase in the Net Assets Available for Benefits During the Year**		**1,049.434**
4,928.587	Opening Net Assets of the Fund		4,657.483
4,657.483	**Closing Net Assets of the Fund**		**5,706.917**

NET ASSETS STATEMENT

31 Mar 2020 £m		Note	31 Mar 2021 £m
4,640.864	Investment Assets	13-15	5,670.948
(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**		**5,706.917**

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. Members' AVCs are disclosed in Note 16 of these accounts.

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. Distributions from pooled investment vehicles are recognised at the date of issue. Distribution income is accounted for on an accruals basis and any outstanding amount is included in the Net Asset Statement as an investment asset.

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 £3,036.440m, accounting for 53.5% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±5.8%, equating to £176.738m 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.

An analysis of contributions by participating employer type is disclosed in Note 23 of these accounts.

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**

An analysis of benefits by participating employer type is disclosed in Note 23 of these accounts

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). The statutory audit fee does not include fees chargeable to the Fund for pension assurance work, undertaken at the request of employer auditors, which the Fund recharges to the respective employers. Fees payable for this work in 2020-21 are £0.017m (2019-20: £0.017m).

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 £28.96 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)	713.264	3,930.149
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)*	*1,003.147*	*5,340.185*
Cash deposits & short term loans	275.110			0.000	325.128
Other investment balances	14.169			0.000	5.635
	4,640.864			**1,003.147**	**5,670.948**
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			**1,001.675**	**5,666.800**

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 £1,001.675m 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 7.1% (2020, nil).
- LGIM UK Equity Index Fund £789.198m, representing 13.8% (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).

Pooled investment vehicles are further analysed below:

	31 Mar 2020	31 Mar 2021
	£m	£m
Pooled Investment Vehicles		
Equities	1,606.498	2,595.929
Bonds	585.172	739.785
Property	170.432	181.747
Private Equity	96.047	144.087
Infrastructure	261.905	268.601
	2,720.054	**3,930.149**

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	3,000.287	52.9
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	6.2
	4,632.096	**100.0**	**5,666.800**	**100.0**

14. Fund investments by geographical sector (at market value)

	Restated 31 Mar 2020		31 Mar 2021	
	£m	%	£m	%
UK	2,228.251	48.1	2,542.692	44.9
N America	897.442	19.4	1,397.198	24.6
Europe	773.834	16.7	872.211	15.4
Asia and other	732.569	15.8	854.699	15.1
	4,632.096	**100.0**	**5,666.800**	**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. 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 held at fair value through profit or loss 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 and financial liabilities held at fair value through profit or loss, additionally including investment financial assets held at amortised cost, to reconcile to total financial assets and financial liabilities, is as follows:

	31 Mar 2020	31 Mar 2021
	£m	**£m**
Financial Assets at Fair Value through Profit or Loss		
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	154.854
Other unquoted pooled investment vehicles	1,785.895	2,629.386
UK freehold properties	191.550	208.500
UK leasehold properties	48.100	43.700
	2,175.402	**3,036.440**
Financial Assets 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**	**5,670.948**

	31 Mar 2020	31 Mar 2021
	£m	£m
Financial Liabilities at Fair Value through Profit or Loss		
Level 2		
Currency hedging contracts	-	(1.472)
	-	**(1.472)**
Financial Liabilities at Amortised Cost		
Other investment balances	(8.768)	(2.676)
	(8.768)	(2.676)
Financial Liabilities	**(8.768)**	**(4.148)**
	4,632.096	**5,666.800**

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)	1.862	0.255	154.854
Other unquoted	1,785.895	664.454	(197.773)	372.058	4.752	2,629.386
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)**	**372.429**	**5.007**	**3,036.440**

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 2019-20 position was:

	Value at 31 Mar 2019	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	Value at 31 Mar 2020
	£m	£m	£m	£m	£m	£m
Financial Assets						
Level 3						
Pooled investment vehicles						
Property – unquoted	139.751	14.149	(6.440)	2.332	0.065	149.857
Other unquoted	769.990	1,581.873	(356.548)	(324.491)	115.071	1,785.895
Properties						
UK freehold	177.750	14.468	0.000	(0.668)	0.000	191.550
UK leasehold	51.600	-	0.000	(3.500)	0.000	48.100
	1,139.091	**1,610.490**	**(362.988)**	**(326.327)**	**115.136**	**2,175.402**

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	154.854	15.0	178.082	131.626
Infrastructure	268.601	12.5	302.176	235.026
Private debt	131.478	10.0	144.626	118.330
Private equity	144.087	15.0	165.700	122.474
	3,036.440	**5.8**	**3,213.178**	**2,859.702**

The 2019-20 position was:

	Value at 31 Mar 2020 £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property	239.650	15.0	275.598	203.702
Diversified multi-asset credit funds	189.421	5.0	198.892	179.950
Equity index tracking funds	842.771	2.0	859.626	825.915
Global investment grade credit fund	291.883	5.0	306.477	277.289
Indirect property	149.857	15.0	172.336	127.378
Infrastructure	261.905	12.5	294.643	229.167
Private debt	103.868	10.0	114.255	93.481
Private equity	96.047	20.0	115.256	76.838
	2,175.402	**7.5**	**2,337.083**	**2,013.720**

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.

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.

Including Prudential funds at 31 March 2020 values, the total value of funds provided by AVC contributions at 31 March 2021 was:

	31 Mar 2020	31 Mar 2021
	£m	£m
Utmost Life and Pensions		
With profits fund		0.064
Unit-linked funds		0.428
Total Utmost Life and Pensions	*0.595*	0.492

	31 Mar 2020	31 Mar 2021
	£m	£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*

	31 Mar 2020	31 Mar 2021
	£m	£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	***12.664***	***12.567***
Death in Service Cover		
Utmost Life and Pensions	***0.117***	**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.

	Utmost Life	Prudential	Standard Life	Clerical Medical	Total
	£m	£m	£m	£m	£m
Value at 31 Mar 2020	***0.595***	**10.567**	**1.273**	**0.229**	***12.664***
Income					
Contributions received	0.000		0.021	0.002	*0.023*
Interest and bonuses and change in market value	(0.043)		0.207	0.011	*0.175*
Expenditure					
Retirement benefits	(0.050)		(0.092)	(0.067)	*(0.209)*
Deaths	0.000		0.000	(0.012)	*(0.012)*
Transfers out and withdrawals	(0.010)		(0.064)	0.000	*(0.074)*
Value at 31 Mar 2021	**0.492**	***10.567***	**1.345**	**0.163**	***12.567***

17. Current assets

	31 Mar 2020	31 Mar 2021
	£m	£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.

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 in Note 17, Current Assets, 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 1.9% (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. The investment liability in Note 13 associated with this forward currency contract, which is the difference between the Sterling value the Fund has contracted to receive on expiry of the contract and what would theoretically have been receivable based on the exchange rate at the year end, is £1.472m.

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, in particular the Fund's sovereign bond, non-Government investment grade bonds and diversified multi-asset credit portfolios. Interest rate sensitivity can be estimated by multiplying an assumed change in the prevailing market interest rate by the portfolio benchmark duration. The table below shows the estimated impact of a ±100 basis points (±100 bps) in the prevailing market interest rate for these assets.

	Value at 31 Mar 2021 £m	Benchmark duration Years	Change in prevailing market interest rate	Effect -100bps £m	Effect +100bps £m
Asset type					
Conventional gilts	270.223	12.2	±100bps	32.967	(32.967)
Index-linked bonds	309.603	21.9	±100bps	67.803	(67.803)
Non-Government investment grade bonds	348.746	7.9	±100bps	27.551	(27.551)
Diversified multi-asset credit funds	259.561	1.0	±100bps	2.596	(2.596)
Total change in asset values	**1,188.133**			**130.917**	**(130.917)**

A 100 basis points increase in the prevailing market interest rate would reduce the aggregate value of the identified assets by an estimated £130.917m, whereas a 100 basis points reduction in the prevailing market interest rate would increase the aggregate value of the identified assets by a comparable amount. It should also be noted that both non-Government investment grade bonds and diversified multi-asset credit funds are also sensitive to changes in the interest rate spread, which is the interest rate received relative to sovereign bonds, which can either increase (reducing asset values) or reduce (increasing asset values).

The duration in respect of the Fund's private debt assets, together with cash, is not significant.

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	229.820	8.46	249.263	210.377
Infrastructure	351.277	4.35	366.558	335.996
Multi asset credit	391.038	6.04	414.657	367.419
Cash	325.128	0.13	325.551	324.705
Other investment balances	2.959	0.00	2.959	2.959
Properties (non-financial instruments)	433.946	2.26	443.753	424.139
Total investment assets and liabilities	**5,666.800**	**8.40**	**6,142.811**	**5,190.789**

The 2019-20 position was:

	Value at 31 Mar 2020 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
UK Government bonds	229.907	4.57	240.414	219.400
UK index-linked bonds	232.270	8.16	251.223	213.317
Corporate bonds	292.568	3.60	303.100	282.036
Overseas index-linked bonds	64.381	6.64	68.656	60.106
Overseas bonds	51.972	0.00	51.972	51.972
UK equities	740.993	14.66	849.623	632.363
Overseas equities	1,544.907	11.77	1,726.743	1,363.071
Private equity	151.285	9.23	165.249	137.321
Infrastructure	339.931	5.19	357.573	322.289
Multi asset credit	293.289	5.62	309.772	276.806
Cash	275.110	0.12	275.440	274.780
Other investment balances	5.401	-	-	-
Properties (non-financial instruments)	410.082	2.55	420.539	399.625
Total investment assets and liabilities	**4,632.096**	**7.55**	**4,981.819**	**4,282.373**

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	93.520	6.83	99.903	87.137
Overseas infrastructure	163.850	6.77	174.949	152.751
Overseas multi asset credit	46.086	5.30	48.529	43.643
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	**2,557.767**	**6.97**	**2,736.043**	**2,379.491**

The 2019-20 position was:

	Value at 31 Mar 2020 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas equities	1,544.907	8.90	1,682.404	1,407.410
Overseas bonds	32.639	8.90	35.544	29.734
Overseas cash	3.085	10.31	3.403	2.767
Overseas investment assets	**1,580.631**	**8.88**	**1,720.991**	**1,440.271**

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) and further Scheduled Bodies and Admission Bodies.

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**

Independent Auditor's Report to the Members of Derbyshire County Council

Report on the financial statements of the Derbyshire Pension Fund

Opinion on the financial statements of the Derbyshire Pension Fund

We have audited the financial statements of Derbyshire Pension Fund ('the Pension Fund') for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.
In our opinion the financial statements:

- give a true and fair view of the financial transactions of Derbyshire Pension Fund during the year ended 31 March 2021, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance & ICT is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund’s financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, and for being satisfied that they give a true and fair view. The Director of Finance & ICT is also responsible for such internal control as the Director of Finance & ICT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance & ICT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance & ICT is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor’s responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

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

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

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

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

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

We are also required to conclude on whether the Director of Finance & ICT's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

We have nothing to report in these respects.

Use of the audit report

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

Cameron Waddell (Key Audit Partner)

For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

22 December 2021

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 non-current 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 non-current 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 non-current 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 non-current 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.

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

Contents

Introduction and the Purpose of the Governance Framework

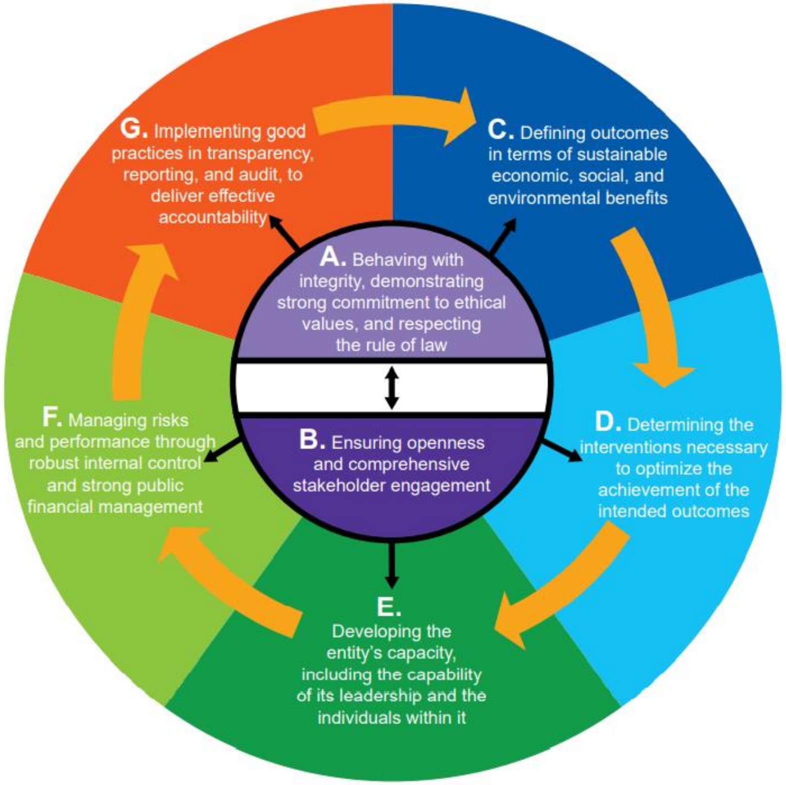
Defining Corporate Governance

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.

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.

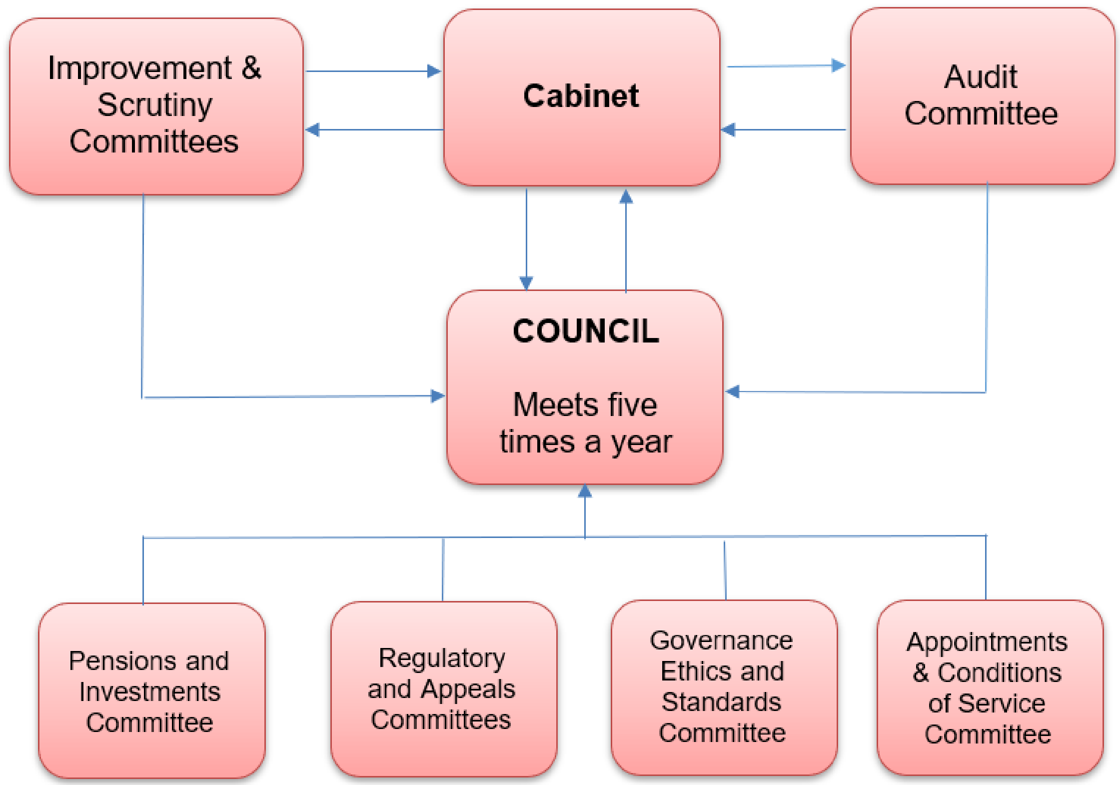
In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has developed an approach to corporate 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.

Immediate Impacts

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 ethical	➢ 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**	
		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;	➢ 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 Derbyshire	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		➢ Certain partnership arrangements are 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.	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;	➢ 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**	
		➢ The Strategic Risk Register is subject to regular review; ➢ 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 implementation review process for major projects. CMT approved the	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
			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 ICT restructure and new systems by December 2021.	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
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 continually monitored by the GDPR Group; ➢ The Council has a Medium Term Financial Plan and effective Budget Monitoring	➢ 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.

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		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 accountability	**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 open to the public and minutes are published on the website through the online	➢ 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 September 2021 with a new draft position statement considered by CMT on 1 June	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		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.	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

9 December 2021

Emma Alexander
Managing Director

9 December 2021

On behalf of Derbyshire County Council

Action Plan - Areas for Improvement

Principle	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
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 completed by December 2021.	Complete December 2021	Director of Organisation, Development & Policy	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;	Officer working group established and met with action plan of activity.	Director of Legal & Democratic Services	March 2022
	➢ The Whistleblowing Policy is currently being updated and will be communicated widely This is scheduled for July 2021;	Taken to Audit Committee on 21 September. GES on 20 October and Cabinet for formal approval on 18 November 2021.	Director of Legal & Democratic Services	November 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;	Most have been implemented. Check to be undertaken to ensure that they have been delivered.	Director of Legal & Democratic Services	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 intention of delivering this by December 2021.	Work has commenced to review the Council's Counter Fraud Arrangements against the Cipfa Code of Practice on Managing the Risk of Fraud and Corruption and the Fighting Fraud and Corruption Locally Strategy.	Director of Finance & ICT	Progress will be reported to the Audit Committee alongside the National Fraud Initiative (NFI) update in February 2022.
	➢ Review of the Derbyshire Partnership Toolkit	The review of the toolkit has commenced following identification of resources to support both the review and implementation of any identified actions.	Director of Organisation, Development & Policy	March 2022

Principle B Ensuring openness and comprehensive stakeholder engagement	➢ 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. The Board. Representation from the Vision Derbyshire Communities Chief Executive Lead on the Board has been secured and this will support greater links into overarching strategic partnership arrangements over time.	Director of Organisation, Development & Policy	Completed

Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	➢ Ensure that decisions are taken with regard to, or are based on the longer term view. The new report templates implemented in May 2021 should meet this requirement;	New templates together with guidance were launched in May 2021.	Director of Legal & Democratic Services	Completed
	➢ 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;	Issued	Director of Legal & Democratic Services	Completed
	➢ Ensure key equipment and processes to support business continuity planning are effectively maintained;	This was a Business Continuity Group action during Covid. This activity is now the responsibility of each department to develop and maintain their Business Continuity Plans with support from Emergency Planning and other functions as required.	Director of Organisation, Development & Policy	Original action completed

	➢ 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;	The procurement of Social Value software has been agreed and will be implemented over the coming months. Value will be optimised over a 12-month period.	Director of Finance & ICT	March 2023
	➢ Work has been ongoing to develop a comprehensive Asset Management Strategy. The final document will be considered by the Governance Group in 2021.	Work to finalise the comprehensive Asset Management Strategy continues and it will be presented to the Governance Group during 2021/22 for consideration and approval	Director of Finance & ICT / Performance and Engagement Manager (Place)	December 2021

Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	➢ Development of consistent and effective business cases;	Work underway as part of the establishment of the Council's new Programme and Project Management Office	Director of Finance & ICT	Summer 2022
	➢ 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.	Director of Finance & ICT	Initial phase completed by Summer 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;	The strategy was approved by Cabinet in July 2021 and work is now underway to develop departmental people plans aligned to the agreed 5 people priorities.	Director of Organisation, Development & Policy	Completed
	➢ 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;	Work underway as part of the establishment of the Council's new Programme and Project Management Office	Performance and Engagement Manager (Place)	Summer 2022

	➢ 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.	Progressing the use of Modern.gov to support decision making by officers and Members. The wider review of the officer scheme of delegation is a larger project.	Director of Legal & Democratic Services	December 2021 March 2022

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;	On going	Director of Organisation, Development & Policy	In progress and on track for completion March 2021
	➢ 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;	On going	Director of Organisation, Development & Policy	On track for completion 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 ICT restructure and new systems implementation.	Director of Finance & ICT	Summer 2022

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;	Cyber Security Group established. Monitoring and active response to threats.	Director of Finance & ICT	Ongoing
	➢ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting.	Significant work has taken over the last twelve months to integrate performance and financial reporting through APEX. These actions have been completed. Further integration of risk is now underway.	Director of Organisation, Development & Policy	March 2022
	➢ Develop the process for lessons learnt from internal incidents and external Public Interest Reports.	Create “library” of known incidents and share recommended best practice.	Director of Finance & ICT	January 2022 for compilation of lessons learned. Ongoing for sharing of best practice.

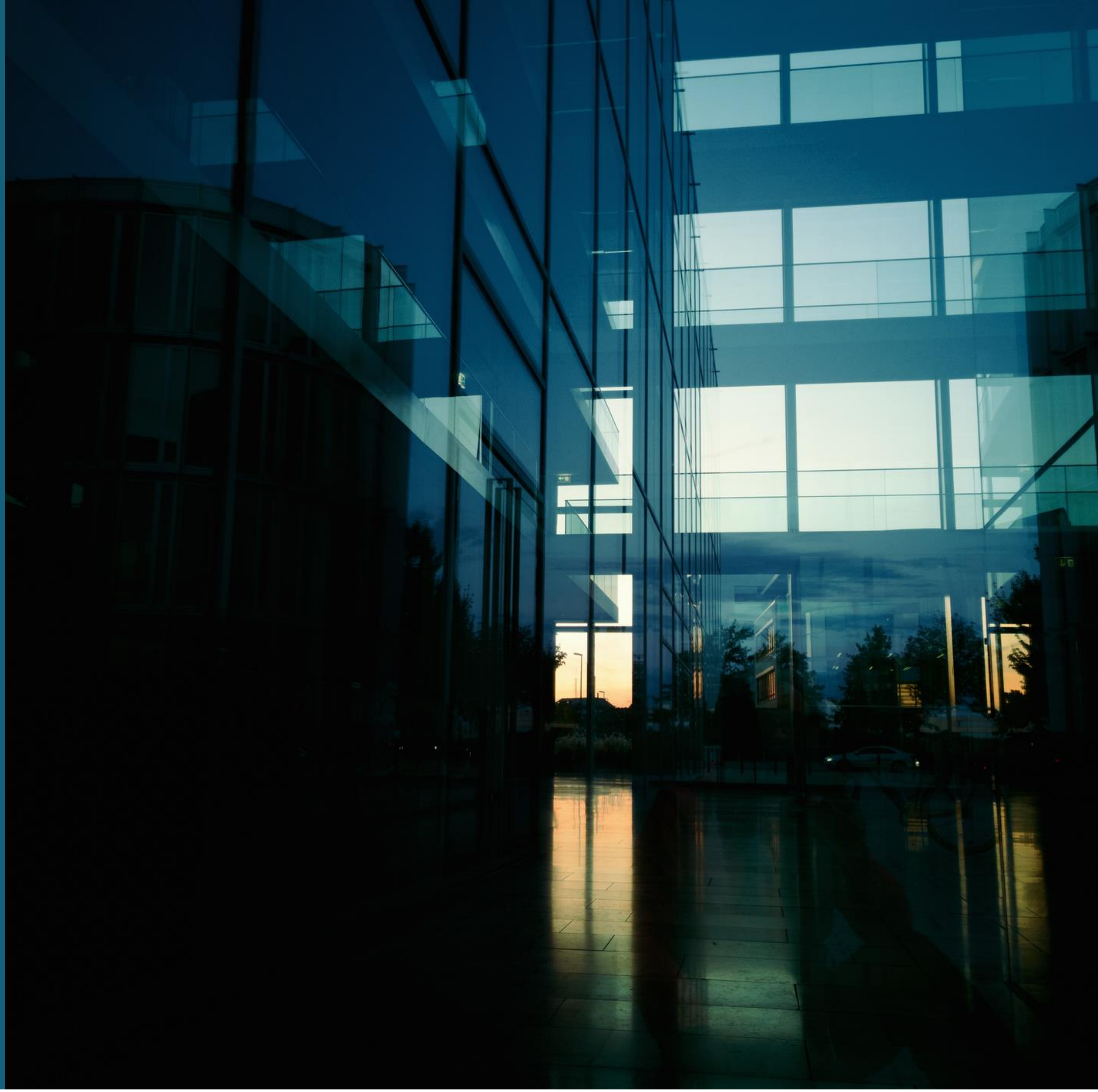
Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability	➢ Continue to improve robust systems for property valuations building on the enhancements completed during recent years;	Regular liaison with Finance and audit colleagues, early agreement of revaluation schedules on an annual basis. Clear timetable for delivery of valuations.	Director of Corporate Property	Ongoing – annual process
	➢ 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;	Recommendations continue to be implemented. Statement of current position developed in advance of the Follow-Up visit. Visit took place in October 2021.	Director of Organisation, Development & Policy	Completed, subject to implementation of actions identified from the Follow-Up.
	➢ 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.	Ongoing. In the process of finalising report to GES Committee in October which identifies amendments.	Director of Legal & Democratic Services	Ongoing

	➢ 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. Once the review has been undertaken priority actions to implement new approach will be identified.	Director of Organisation, Development & Policy	March 2022 onwards
	➢ Embed the process for the production of the AGS in a timely manner.	Ongoing	Director of Finance & ICT and Director of Legal & Democratic Services	Ongoing

Auditor’s Annual Report

Derbyshire County Council – year ended 31 March 2021

January 2022



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Contents

01

Section 01:

Introduction

1. Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Derbyshire County Council (‘the Council’) for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

Opinion on the financial statements

We issued our audit report on 22 December 2021. Our opinion on the financial statements was unqualified, but modified to include an emphasis of matters paragraph to draw attention to the financial statement disclosure explaining that COVID-19 had contributed to ‘material valuation uncertainty’ in the valuation of the Council’s land and buildings.

Value for Money arrangements

In our audit report issued we reported that we had completed our work on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council’s arrangements.

Wider reporting responsibilities

We have not completed our work on the Council’s Whole of Government Accounts return because, as at 10 January 2022, we have not received the group audit instructions from the National Audit Officer

02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The Council's financial statements show how it has used public money, its financial health and performance for the year.

Results of our opinion

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2021 and of its financial performance for the year then ended.

Our audit report, issued on 22 December 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021:

"In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21."

How we formed that opinion: the scope of our audit

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 our audit was been conducted in accordance with International Standards on Auditing (UK).

Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

We set and communicate our audit approach in an Audit Strategy Memorandum, and then present our progress and findings, in an Audit Completion Report to the Audit Committee.

Our Audit Completion Report, issued in December 2021 did not report any significant deficiencies in internal controls and a summary of the key matters raised through our audit of the financial statements is set out on the following pages.

2. Audit of the financial statements

Financial statement audit risks

Following our risk assessment approach, we identified the relevant risks to the audit of financial statements, which we categorised as either significant, enhanced or standard.

The definitions of the level of risk rating are given below:

Significant risk: A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

Enhanced risk: An enhanced risk is an area of higher assessed risk of material misstatement that requires additional consideration but does not rise to the level of a significant risk

Standard risk: This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement

Risk Area	Risk level	Audit Outcomes
Management override of controls 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.	Significant	We applied a combination of audit judgement and computer aided audit tools to analyse and perform tests over accounting journal entries. We have not identified any instances of inappropriate judgements being applied, or of any management bias in accounting estimates. We did not identify any significant transactions outside the normal course of business. We have not identified any material weakness in controls or evidence of material management override.
Valuation of Net Defined Benefit Pension Liability The 2020/21 financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement. Relevant account balances in the 2020/21 financial statements: Local Government Pension Scheme (LGPS) - £1,026m.	Significant	We reviewed the appropriateness of the LGPS Pension Asset and Liability valuation methodologies applied by the actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by our consulting actuary. From the work performed, we proposed a £10m adjustment arising from a difference between the valuation information supplied to the actuary as part of the preparation of the financial statements and the final year-end asset performance only known after the financial statements are provided to us for audit. On the grounds of immateriality, including the fact there is no impact on the useable reserves of the Council, this accounting adjustment was not made.
Valuation of land and buildings Property related assets are a significant balance on the Council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated with such valuations, we have determined there is a significant risk in this area. This risk covers: Land & Buildings (£1,198m - Note 14 2020/21 financial statements).	Significant	We engaged our own expert valuer to support our work, which included reviewing the valuation approach adopted by the Council and testing a sample of valuations. Our work and the work of our specialists concluded that the valuation of land and buildings was materially correct.

2. Audit of the financial statements

Financial statement audit risks (continued)

Risk Area	Risk level	Audit Outcomes
Revenue recognition Under auditing standards, there is a presumed risk that revenue may be misstated due to improper revenue recognition. Having considered the factors for revenue recognition, we focused on the year-end balance sheet and in particular whether cut-off (recognition in the correct financial year) is materially accurate. Having considered the make-up of revenue, we believe the risk was prevalent in fees, charges and other service income (being £192m in Note 10 of the 2020/21 financial statements).	Significant	We reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances. Our transaction testing did not identify any significant issues and there are no matters to bring to Members' attention.
Expenditure recognition In the public sector, this requirement for revenue recognition is modified by Practice Note 10 issued by the Financial Reporting Council (FRC), which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. Having considered the factors for expenditure recognition, we believe the risk is focused on the year-end balance sheet and in particular whether cut-off (recognition in the correct financial year) is materially accurate. Having considered the make-up of expenditure, we believe the risk is prevalent in to premises, transport, and supplies & services (being £695m in Note 10 of the 2020/21 financial statements).	Significant	Our transaction testing did not identify any significant issues and there are no matters to bring to Members' attention.
Covid-19 Grants recognition Over March and April 2020, the government provided £3.2 billion of emergency grant funding and over £5 billion of cashflow support to support local authorities through COVID-19. Throughout 2020/21, the Government continued to provide substantial sums of financial support to local authorities, including Derbyshire County Council. Management have had to exercise a level of accounting judgement in relation to these specific COVID-19 grants impacting the financial statements	Significant	Our sample testing of Covid-19 related grant funding did not identify any grants where the incorrect accounting treatment was applied.
SinFin Waste Recycling The long-term waste management contract between Derbyshire County Council, Derby City Council and Resource Recovery Solutions came to an end in 2019. The Council's needed to make a judgement on how to account for the asset in 2020/21.	Enhanced	We evaluated the basis of the accounting judgement and the impact on the financial statements for 2020/21 including the adequacy of disclosures. Our work provided the assurance sought and we are satisfied that costs continue to be recorded as an Asset Under Construction, with a supporting disclosure in Note 2.
Minimum revenue provision (MRP) Local authorities are normally required each year to set aside some of their revenues as a provision for debt in respect of capital expenditure financed by borrowing or long term credit arrangements. The amount to be set aside each year is not prescribed although an overarching principle of prudency is expected to be adopted. This is supported by statutory guidance as to how this could be achieved and the Council is required to have regard to this in setting its MRP policy. Management judgement is therefore exercised is determining the level of its prudent provision.	Enhanced	Our testing did not identify any issues regarding the Council's charge of £13.8m shown in Note 17.

2. Audit of the financial statements

Results of our opinion (Derbyshire Pension Fund)

We have audited the financial statements of Derbyshire Pension Fund (‘the Pension Fund’) for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. Our audit report, issued on 22 December 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021 and there were no significant matters arising from the work performed. Our fee for this work is £28,077, plus a further £18,200 for the necessary assurance work to support the external audit work at 13 other local authorities.

03

Section 03:

Commentary on VFM arrangements

3. VFM arrangements – Overall Summary

Approach to Value for Money arrangements work

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

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

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Our assessment of what constitutes a significant weakness is a matter of professional judgement, based on our evaluation of the subject matter in question, including adequacy of the Council's responses. The National Audit Office's guidance states that a weakness may though be said to be significant if it:

- Exposes (or could reasonably be expected to expose) the body to significant financial loss or risk;
- Leads to (or could reasonably be expected to lead to) significant impact on the quality or effectiveness of service or on the body's reputation;
- Leads to (or could reasonably be expected to lead to) unlawful actions; or
- Involves a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

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

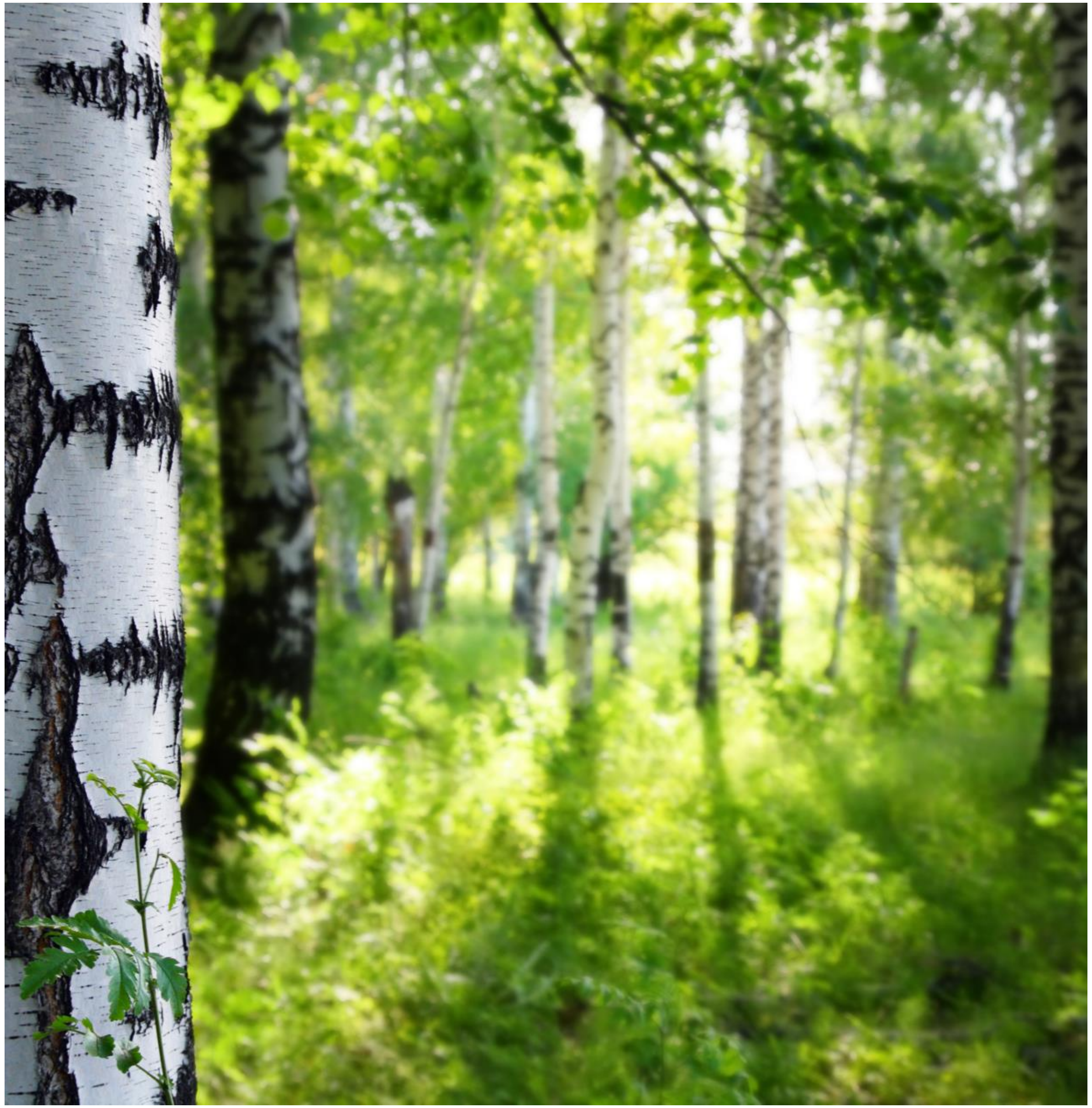
The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	11	No	No
Governance	16	No	No
Improving economy, efficiency and effectiveness	21	No	No

Commentary on VFM arrangements

Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

Based on the considerations and views formed in this section, we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.



VFM arrangements: financial sustainability

Covid-19: Context & Financial Impact

The Council entered 2020/21 at the start of the national lockdown, and faced a significant operational impact from the effects of the pandemic. In response to the Covid-19 pandemic, central government made a series of policy announcements, a number of which have impacted on local authorities such as Derbyshire County Council. During the 2020/21 year the Council dealt with a wide range of issues to support local residents and businesses. Some of the Government's initiatives in response to the Covid-19 pandemic have been backed by additional funding, and the Council received a range of government grants during 2020/21 to either support local businesses/individuals or meet the Council's own costs. We obtained the Local authority Covid-19 financial impact monitoring information published by the Ministry of Housing, Communities & Local Government and Department for Levelling Up, Housing and Communities, which is summarised in the following tables. It shows £6.9billion in additional expenditure and £5.1billion in income losses.

The financial implications of Covid-19 were captured and reported regularly by the Council 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.

There is no denying the financial impact of the pandemic, but as the Government remains committed to supporting public finances, there is no indication of a significant weakness in the Council's arrangements for financial sustainability as a result of Covid-19.

	2020-21 Additional expenditure due to Covid-19 by class of authority (£'m)	2020/21: Income losses due to Covid-19 by class of authority (£'m)
Shire District	330	1,308
Shire County	2,111	259
Unitary Authority	1,791	1,114
Metropolitan District	1,504	1,053
London Borough	1,127	1,343
Total	**6,863**	**5,077**

2020-21: Additional expenditure due to Covid-19 by class and service area (£'m)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	-	1,255	849	663	414	**3,181**
Children's social care - total (excluding SEND)	-	95	131	90	63	**379**
Housing - total (including homelessness services) excluding HRA	63	5	75	42	113	**299**
Environmental and regulatory services - total	34	68	68	67	64	**299**
Finance & corporate services - total	48	53	84	77	78	**341**
All other service areas not listed in rows above	185	635	585	565	395	**2,364**
Total	**330**	**2,111**	**1,791**	**1,504**	**1,127**	**6,863**

2020-21: Income losses due to Covid-19 by class and source of income (£'m)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276	-	194	207	538	**1,216**
Council tax	399	-	218	191	233	**1,041**
Sales fees and charges	516	195	554	397	476	**2,138**
Commercial income	82	24	121	204	52	**484**
Other	33	40	27	54	45	**199**
Total	**1,308**	**259**	**1,114**	**1,053**	**1,343**	**5,077**

VFM arrangements: financial sustainability

Matters brought forward from 2019/20

As reported in our Audit Completion Report for 2019/20, we confirmed we had:

- reviewed the 2019/20 financial performance and forecasts during the year and considered the Council's financial outturn position as presented in the financial statements.
- Reviewed the 2020/21:
  - Revenue and Capital budgets and Medium Term Financial Plan;
  - Treasury Management Strategy, incorporating the Minimum Revenue Provision Policy and Capital and Investment Strategies;
- Considered the Council's latest financial monitoring information and its updated medium term outlook.
- Updated our risk assessment for any new or emerging issues through discussions with management and updating our review of committee reports.
- Reviewed the Council's Annual Governance Statement for any significant issues.
- Considered the general findings from our audit work in other areas.

Our 2019/20 Conclusion was that "On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Derbyshire County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020."

We therefore had no risks of a significant weakness in the Council's arrangements brought forward from 2019/20 into 2020/21.

2020/21 Financial Statement Performance

We carried out a high level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and the Balance Sheet.

The Council's useable reserves have increased from £332m to £420m in 2020/21, with:

- General Fund & Earmarked Reserves (excluding schools balances) of £303m, up from £259m in the prior year
- School Reserves of £35m, up from £24m in 2019/20
- Capital Reserves of £82m, up from £49m in 2019/20.

The Council's reserves position, as confirmed through our audit of the financial statements, does not indicate a risk of significant weakness in VFM arrangements for financial sustainability.

The Council's balance sheet remains stable over the prior year, with an increase in year end short-term and long-term investments, that have been subject to testing in our audit with no audit adjustments being proposed. Net current assets (being current assets less current liabilities) have increased by 119% from £35m to £76m.

The most significant change in the balance sheet relates to movements in the Council's 'Other non-current liabilities', which is mainly due to the increase in the Council's share of the pension fund net liability (being a deficit position) of £1,027m, up from £651m in the prior year. As shown in Note 48 of the draft financial statements, the main drivers of change being:

- an increase in the value of pension assets from £1,949m to £2,333m
- offset by a larger increase in the value of funded and unfunded pension liabilities from £2,655m to £3,418m.

In the past few years, it is not unusual to see material movements in the net pension liability, where the impact is accounted for via unusable reserves.

Our review of the Council's balance sheet does not give us cause for concern relating to financial stability, nor has it highlighted any risks of significant weakness in arrangements.

VFM arrangements: financial sustainability

2020/21 Financial Performance: Net Revenue Expenditure

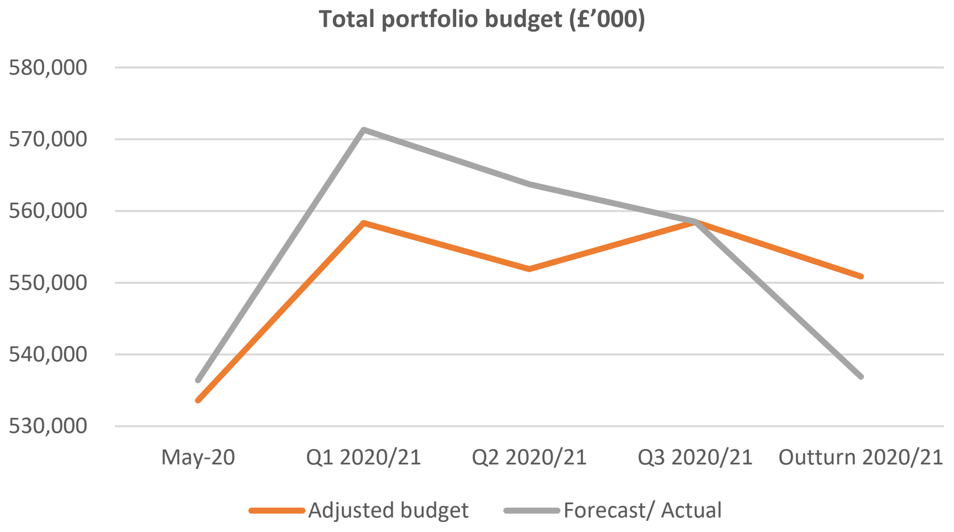
We have met regularly with Officers during the year and read the Budget and Performance Monitoring Reports to Cabinet. The Council presents the budget and subsequent monitoring against two sub-totals: one for controllable spend by Cabinet portfolio; and one for the total revenue budget, including corporate costs such as financial risk management and debt charges.

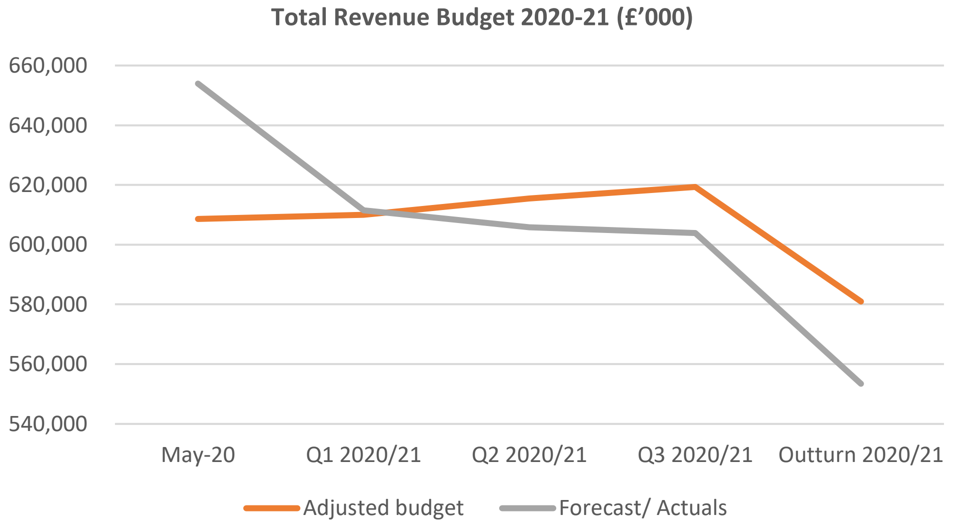
Our review of these reports to cabinet confirms that each report summarises the financial position of the Council to adequately enable Members to assess revenue performance and service performance. In addition, we tracked the financial position as presented to Cabinet over the financial year, as shown in the charts to the right and the tables below, starting with the May 2020 position where the Council, as a result of Covid-19, performed an early review of costs and projections, highlighting, concerns that would require careful management. As the year unfolded, subsequent funding from the Government to support the Covid response eased the financial pressures (see page 12) and the charts show sufficient correlation between the Council's adjusted budget, forecasts and outturn position to indicate that there is no risk of significant weakness in the Council's arrangements for financial planning and budgetary control.

The most significant variances are explained in the narrative report of the financial statements and the Performance Monitoring and Revenue Outturn 2020/21 Report to Cabinet in July 2021. The final underspend is mainly attributed to a £14m underspend on the Adult Care portfolio arising from additional Government funding for hospital discharges; and £9m underspend on the corporate risk management budget through a combination of unused contingency funds, additional grant income and one-off funding returned from the portfolio budgets.

We also compared the performance outturn report presented to Cabinet in July 2021 to the narrative report in the financial statements with no variances arising, confirming that financial information presented to Members is consistent with the financial statements subject to audit.

Overall, the Council's arrangements for reviewing revenue financial performance alongside service performance are adequate.





Portfolio Budget

Short Heading	Adjusted budget	Forecast/ Actual	Variance
May-20	533,580	536,377	2,797
Q1 2020/21	558,314	571,321	13,007
Q2 2020/21	551,871	563,706	11,835
Q3 2020/21	558,469	558,521	52
Outturn 2020/21	550,848	536,900	(13,948)

Total Revenue Budget (portfolio budget plus corporate costs)

Short Heading	Adjusted budget	Forecast/ Actual	Variance
May-20	608,578	653,960	45,382
Q1 2020/21	609,968	611,512	1,544
Q2 2020/21	615,488	605,871	(9,617)
Q3 2020/21	619,297	603,873	(15,424)
Outturn 2020/21	581,005	553,375	(27,630)

Commentary on VFM arrangements

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Based on the considerations and views formed in this section, we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance.

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VFM arrangements: governance

2021/22 Budget Setting and the Medium Term Financial Strategy

The arrangements for the 2021/22 budget setting process have largely followed the arrangements in place for 2020/21 but with a better understanding based on the experiences during the year of the impact of Covid-19 on the Council's services. We have discussed budget preparations with officers during the year and reviewed minutes of meetings to confirm our understanding and assess the arrangements in place:

- The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution. The Constitution requires that a timetable is publicised by Cabinet for making proposals to the full Council in relation to the annual Revenue Budget, along with arrangements for consultation with stakeholders, which should be for a period of not less than six weeks.

- At the Cabinet/CMT meeting on 18 November 2020, it was agreed that a series of meetings would be arranged with Cabinet Members to agree expectations of Council Plan priorities within the context of budget restraint. The meetings took place within the first two weeks of December.

- The Council has in place a Reserves Policy which sets out the framework within which decisions will be made regarding the level of reserves. In line with this framework the balance and level of reserves over the medium term are regularly monitored to ensure they are adequate to manage the risk of the Council. This covers both the General and Earmarked Reserves.

Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced on a monthly basis and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts.

There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting, which are approved at the same time as the revenue budgets and monitored and reported on throughout the year.

We have reviewed budget setting, treasury strategy and capital programme reports presented to Cabinet in January 2021 and Council in February 2021. Our review confirms that Members receive information that adequately explains performance, including progress on service plans to allow for challenge and gain assurance on performance.

We have reviewed the 21/22 budget and MTFS at confirming there is an adequate budget setting process and:

- the main assumptions on pay and inflation are not unreasonable for the period when the budget was prepared

- Savings of £72m are required, with £38m identified (see table below), but this is not to a level that would substantially threaten the delivery of the plan because the Council has an the opportunity to address the gap through the 2022/23 – 2024/25 budget setting rounds.

- no significant levels of unsustainable planned use of reserves to bridge funding gaps.

- the impact of Covid-19 does have an effect on financial sustainability and had been considered.

Overall, we are satisfied that the Council's arrangement for setting the budget and medium term financial strategy are appropriate. In doing so, we note that the Medium Term Financial Position does not pose an immediate problem but pressures will be on reserve levels in future years. Careful monitoring of the situation, advance planning and responding quickly to any changes will be of particular importance moving forward.

MTFS Savings by cabinet portfolio	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Adult Social Care and Health	3,350	11,068	6,905	1,215	185	22,723
Children's Services	85	46				131
Economy, Transport and Environment	1,783	600	1,200	2,870	120	6,573
Commissioning, Communities and Policy	2,196	334	625	1,652	1,000	5,807
Cross departmental	1,000	2,000				3,000
						38,234

VFM arrangements: governance

Decision making arrangements and control framework

We have reviewed Council and Committee Reports and minutes during the year as well as key documents in relation to how the Council ensures that it makes informed decisions and properly manages its risks.

The Council has a full suite of governance arrangements in place. These are set out in the Annual Governance Statement, which is reviewed as part of our audit where we confirmed they were consistent with our understanding of the Council’s arrangements in place. The Council also has a code of conduct for elected members and a separate code of conduct for employees. These codes of conduct are in the constitution.

We consider the committee structure of the Council is sufficient to provide assurance that decision making, risk and performance management is subject to appropriate levels of oversight and challenge.

Cabinet is responsible for the overall business of the council and is subject to scrutiny in all it does. The Council is required to publish a list of forthcoming key decisions stating when it will make decisions on major issues. It also publishes meeting papers before a meeting is due to take place and publish the minutes after it has taken place. There are also a number of committees who take decisions on separate aspects of business and these may advise the cabinet or full council where appropriate. The constitution sets out how the council operates, how decisions are made and the procedures it follows to ensure the council is efficient, transparent and accountable to local people. The constitution is divided into 2 parts: articles and appendices. The articles set out the overarching functions and decision-making framework of the council, while the appendices contain the details as to how the functions listed in the articles will be carried out.

Our review of Council and Committee papers confirms that a template covering report is used, ensuring the purpose, consultation, and recommendations are clear. Minutes are published and reviewed by each committee to evidence the matters discussed, challenge and decisions made. This is sufficient to demonstrate that the Council’s arrangements in this regard are adequate.

Risk management

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. The Audit Committee is responsible for overseeing the effectiveness of the Council's risk management arrangements, challenging risk information and escalating issues to the Cabinet. Our minute review and attendance at meetings confirms regular reports are received and discussed.

We have reviewed the Strategic Risk Register and determined it is adequate for the Council’s purposes, given it links the risk to the corporate strategy, includes a risk owner and current and target risk scores, and progress.

From our attendance at the meeting and review of the minutes, there is sufficient evidence of Member oversight of risk management, including holding Officers to account.

Our review of the Annual Governance Statement, the Strategic Risk Register and operating performance of the Audit Committee leads us to conclude that there are no significant weakness in the Council's risk management arrangements.

VFM arrangements: governance

Audit Committee

The Council has an established Audit Committee. The Audit Committee is responsible for establishing and maintaining an effective system of governance in a way that supports the organisation's objectives. It achieves this by:

- Reviewing the work and findings of internal audit and external audit;
- Reviewing the Annual Governance Statement and the financial statements; and
- Reviewing reports on risk management and internal control.

We have reviewed supporting documents and confirmed the Audit Committee meets regularly and reviews its programme of work to maintain focus on key aspects of governance and internal control. In response to Covid-19, the Council moved Committee meetings on-line. Our attendance at Audit Committee has confirmed there is an appropriate level of effective challenge.

Internal Audit

We have met with management and the Head of Internal Audit regularly during the year, reviewed Audit Committee reports and attended Audit Committee to observe the performance of Internal Audit and the Audit Committee. We have documented our understanding of the Internal Audit function, which is provided by an in-house team.

We reviewed the Head of Internal Audit Annual Report that was presented to Audit Committee on 20 July 2021, where the overall opinion of "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 have been recommended for senior management to action and improve the control framework."

In our view, the Head of Internal Audit Opinion is sufficiently detailed to explain how the rating was determined. We have confirmed that the Head of Internal Audit Opinion has been adequately reflected in the Annual Governance Statement to provide assurance that there is no significant weakness in arrangements for 2020/21.

Scrutiny

The Council Commissioned an external review of its scrutiny function from Centre for Public Scrutiny, reporting the results at a Special Combined Meeting of The Improvement & Scrutiny Committees on 3 November 2020. The report contained details in respect of the process undertaken along with the relevant parties involved throughout the process. We have read the report and considered the actions, with the following observations being indicative of adequate arrangements in place, albeit with improvement opportunities:

- "Overall, the Council has a strong ongoing commitment to scrutiny in terms of the level of activity undertaken, and time and resource dedicated across the organisation. Scrutiny's role as part of the democratic decision-making process is respected and valued in the Council and political leaders and Cabinet Members are very supportive
- Scrutiny does make every effort to be strategic and focus on the areas of importance, although in practice it sometimes falls short of this ambition. Scrutiny can very often become a conversation' or an information exchange or become too operational and council performance focused.
- There are missed opportunities for scrutiny to add value and to be an integral part of the Council's corporate plans and overall improvement. This may not be for the want of trying, but for scrutiny to be more strategic, there needs to be change in approach by both scrutiny and the Cabinet, to draw closer together to create a purposeful role and agenda."

VFM arrangements: governance

Regulators

We reviewed the website of OFSTED reading and reviewing the outcome of a focused inspection published in October 2021, which includes the following comment:

- "The determined focus on the provision of services for care leavers by senior managers and elected members since the inspection in 2019, including bringing the service in-house, has resulted in significant improvements. These improvements are visible, tangible and sustained. Improvements to the quality of individual support for care leavers, together with a number of corporate initiatives, have contributed to most care leavers in Derbyshire receiving levels of support consistent with their needs. A comprehensive local offer, effective strategic partnerships, and a passionate and skilled workforce are enabling positive experiences and progress for care leavers. This has been achieved despite the considerable challenges of the COVID-19 pandemic."

In our view, there is no indication of a significant weakness in arrangements.

Local Government Ombudsman

The Local Government and Social Care Ombudsman looks at individual complaints about councils and some other organisations providing local public services It also investigates complaints about all adult social care providers (including care homes and home care agencies) for people who self-fund their care.

We reviewed the agenda pack and minutes of the Governance, Ethics and Standards Committee from October 2021 where the Council received its annual review letter for 2020/21 from the Ombudsman. For the period ending 31 March 2021, the Ombudsman received 81 complaints and enquiries relating to Derbyshire County Council, which a decrease of 34% over the prior year, of which there were 19 detailed investigations carried out, of which 6 were not upheld and 13 were upheld. This gives an upheld rate of 68%, against an average of 71% in similar authorities.

In our view, there is no indication of a significant weakness in arrangements.

Commentary on VFM arrangements

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Based on the considerations and views formed in this section, we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

VFM arrangements: improving economy, efficiency and effectiveness

Corporate Plan

The Council's corporate plan sets out what it wants to achieve for local residents and communities. The Council Plan is supported by the Financial Plan and an overarching Delivery Plan, and each department has a Service Plan which sets out how that department will deliver the headline initiatives and actions in the Council Plan. The Council's budget endeavours to ensure the provision of the appropriate resources required to deliver the Council's Plan, and the types of action necessary to enable them to be affordable, to allow balanced budgets to be delivered.

We reviewed the Cabinet Report from July 2020 and the Updated Service Plans, which were developed to describe how departments will work towards achieving the outcomes and priorities set out above and on 16 March 2020. The outbreak of coronavirus and the ensuing pandemic has had a significant impact on the work of the Council and as a result a further review and refresh of departmental Service Plans has taken place. The revised departmental Service Plans for 2020/21 amended in July 2021 to ensure there is a continued focus on the Council's work with partners and communities to tackle both coronavirus and climate change. The capital and revenue programmes included in Service Plans accord with the revenue and capital budgets approved by Council in February 2020.

Our review of these documents confirms adequate arrangements are in place to integrate service planning to the corporate plan as well as reporting progress against said plan to Members and the wider public.

Performance monitoring

As part of the Council's performance management framework, regular reports are received and reviewed during the year which show progress against the corporate plan. This includes a detailed annual report where performance management is considered following the year-end. We have reviewed the performance outturn report for 2020/21 This document reports Council's progress and achievements of 2020/21 and provides a look forward to its ambitions for 2021/22. It is approved by the Council and consistent with discussions we have had with officers.

Cabinet receive regular performance reports on the corporate plan, and we reviewed a sample of reports that adequately describe the progress the Council had made on each of the deliverables set out in the plan for the period under review. The Performance and Budget Monitoring Report presents both Council Plan performance and financial budget monitoring and forecast outturn data. The Performance Summary sets out the progress the Council was making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities. The Revenue Budget Position and Financial Summary provide an overview of the Council's overall budget position and forecast outturn. The report also summarised progress on Council Plan deliverables and the controllable budget position by Cabinet Member Portfolio. Reports are also considered by Audit Committee in accordance with the Budget Monitoring Policy and Financial Regulations.

We reviewed a selection of benchmarking data available to us, including the CIPFA financial resilience index and the VFM profiles provided via the Local Government Association (called LG Inform VfM available from the following link: http://vfm.lginform.local.gov.uk/), which did not identify any risks of significant weakness in arrangements for 2020/21.

Overall, we believe there is sufficient evidence to demonstrate adequate arrangements for scrutiny and oversight of service and financial performance at the Council.

VFM arrangements: improving economy, efficiency and effectiveness

Partnerships and Commissioning

D2N2

D2N2 is the Local Enterprise Partnership (LEP) where a local assurance framework sets out how D2N2 will continue the process of ensuring value for money, prioritisation, appraisal, business case development and risk management for its Growth Deal programme. It identifies the roles to be taken by D2N2 and its constituent Boards, by the Accountable Body (for D2N2, this is Derbyshire County Council) and by the promoters of projects. It also sets out the process to be followed in selecting priorities for further Growth Deals or other funding programmes if appropriate.

The Accountable Body confirmed that the D2N2 LAF conforms with the LEP Assurance Framework supplied by the Department for Business Innovation and Skills on the 9th December 2014, and the revised National Assurance Framework supplied in October 2016. We have confirmed a Local Assurance Framework is in place and read the Letter from D2N2 Accountable body to Government confirming governance arrangements, the s151 assurance statement and the CEO and Chair assurance statement and, in our view, this evidence is indicative of adequate arrangements in place in relation to the Council's engagement in this partnership.

Joined Up Care Derbyshire and the Local Resilience Forum

The response to COVID-19 across Derbyshire has been multi-agency and led by the Local Resilience Forum (LRF) Strategic Co-ordinating Group (SCG). Working through the Local Resilience Forum structures, partners ensure a coherent, collaborative system-wide response that makes the best of local resources on an ongoing basis. The Local Outbreak Engagement Board provides political ownership and public-facing engagement and communication for outbreak response. There is one board for each local authority area of Derby City and Derbyshire. In July 2020 Derbyshire produced an Outbreak Management Plan which outlined the system wide response to COVID-19. This has proved to be an important operational and technical document which has helped shape the response to COVID-19. To support the delivery of the LOMP, the Council has received additional funding from central Government to support the ongoing response to the COVID-19 pandemic via the Contain Outbreak Management Fund. Cabinet received a report in January 2021 outlining how Derbyshire's initial allocation of Contain Outbreak Management Fund would be spent.

Sustainability and transformation partnerships and Integrated Care Systems bring together local NHS organisations and local authorities (county/ unitary councils) to develop proposals to improve health and the quality of care to provide better services for patients in the areas they serve.

The Council is part of Joined Up Care Derbyshire, also known as Derbyshire's Integrated Care System (ICS) brings together health and social care organisations across Derbyshire. Along with Derby City Council, the Partners in Joined Up Care Derbyshire include NHS Derby and Derbyshire Clinical Commissioning Group; Chesterfield Royal Hospital; Derbyshire Community Health Services; Derbyshire GP Alliance; Derbyshire GP Alliance & GP Task Force; Derbyshire Healthcare; DHU Health Care; University Hospitals of Derby and Burton; and East Midlands Ambulance Service.

We read and reviewed an independent report on System Shared Decision Making, issued in April 2021. The report did not highlight any significant concerns and noted that good progress had been made in the development of effective system wide decision making. We have also reviewed the Annual Governance Statement, which includes a specific section on the Council's response to Covid-19 and are satisfied that there is no indication of a significant weakness in arrangements relating to the partnership working through Joined Up Care Derbyshire.

Better Care Fund (BCF)

On 03 December 2020 the Department of Health and Social Care, Ministry of Housing, Communities and Local Government, and NHS England published the Better Care Fund (BCF) planning guidance for 2020/21. The details of allocations of funding for the BCF 2020/21 were made available in February 2020 as per the guidance the planning template was not submitted nationally but agreed locally to ensure the national conditions were met.

We reviewed papers of the Health and Wellbeing Board for April 2021 and September 2021, which confirmed that:

- The 2020/21 plan had been developed in conjunction with key partners through the Joint BCF Programme Board and its Monitoring and Finance Group. The final plan was approved by the Joint BCF Programme Board, a delegated subgroup of the Derbyshire Health and Wellbeing Board (HWB), at its meeting on January 18th 2021, the section 75 was updated in March 2021.

- The Derbyshire 2020/21 BCF Plan was, in effect, a continuation of the 2019/20 plan, with the overarching vision and aims of the plan the same as established in 2015/16.

Note 35 of the Council's Financial Statements explains the financial income and expenditure of the better care fund, with DCC contributing £44m to the £104m pooled fund, which was fully spent in 2020/21. Our testing of the financial statements has not identified any material issues over these disclosure notes.

Based on our review, as explained above, there is no indication of a risk of significant weakness in the Council's arrangements across any of the above mentioned significant partnerships.

VFM arrangements: improving economy, efficiency and effectiveness

Partnerships and Commissioning (continued)

Sinfin Wate Treatment Plant

Derby City Council and Derbyshire County Council contracted with Resource Recovery Solutions Derbyshire (RRS) to manage the Sinfin Waste Plant. The waste treatment centre was due to open in Sinfin in 2017, but RRS has been unable to resolve ongoing issues that would allow the facility to pass the certified performance tests required to bring it into full service.

In April 2019, the two councils issued a formal notice to the project's funders to take action under the contract to progress the project. The agreement with RRS to manage the Sinfin Waste Plant was cancelled in August 2019 when the banks funding the project issued a legal notice

During 2020/21 work has continued to determine the condition and capability of the new waste treatment. This work is being carried out by Renewi UK Services Ltd. The Council (along with the City Council) continued in 2020/21 to preserve and assess the Waste Treatment Plant at Sinfin to establish the cost of remediation, future operation and Estimate Fair Value. This work continued throughout 2020/21 with the support of professional advisors. Due to ongoing measures introduced to counter and manage the Covid-19 outbreak, progress on site has been affected. To date, no settlement on an Estimated Fair Value with the funders has been agreed and discussions and negotiations are expected to continue through 2021/22.

We have met with officers of the council, reviewed the financial statements and conducted a review of local press and reports to Members to understand the position regarding Sinfin for 2020/21 and we have identified the following as being indicative of **adequate arrangements** are in place:

- Contracts in place to maintain associated service and maintenance of the facility.
- The appointment of legal and technical advisors and continued joint working with Derby City Council.
- Regular officer led meetings and work plans in place, including reporting to Members and Cabinet.
- Incorporation of Waste Treatment solutions in both the strategic risk register and therein subject to regular review and oversight through the risk management arrangements in place for the Council.
- Incorporate of Waste Treatment solutions into the departmental service plans and therefore the Council’s performance management arrangements to support the achievement of the corporate plan.

When	What
2004	Derbyshire County Council and Derby City Council entered into a joint bid to build two waste treatment centres (including Sinfin).
2009-2011	Period of dispute over planning permission that was escalated through to the High Court.
2017	The waste treatment centre was due to open in Sinfin in 2017, but it was unable to pass the certified performance tests required to bring it into full service.
2017 onwards	The Councils task Resource Recovery Solutions Derbyshire (RRS) to resolve the ongoing issues that would allow the facility to pass the certified performance tests required to bring it into full service.
April 2019	In April 2019, the two councils issued a formal notice to the project's funders to take action under the contract to progress the project.
August 2019	The banks funding the project issued a legal notice and the agreement with Resource Recovery Solutions Derbyshire (RRS) to manage the Sinfin Waste Plant was cancelled. A new contract 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 continue to be run by waste management company Renewi UK Services Ltd, under a two-year (plus six-month) contract.
March 2020	Onset of Covid and lockdowns.
2020/21	Legal and technical advisors appointed to support the Council (along with the City Council) to preserve and assess the Waste Treatment Plant to establish the cost of remediation, future operation and Estimate Fair Value.
March 2021	Discussions over a settlement figure for the plant are still ongoing between the financial backers and both the city and county councils
November 2021	Cabinet members at both Derby City Council and Derbyshire County Council met in private to approve the drawing up of a business case that compares two options: to rectify and use the facility; or to close the facility and dispose of the councils’ waste using a third party.

04

Section 04:

Other reporting responsibilities

4. Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power 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 the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the audit and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data and to carry out certain tests on the data. As at the date or reporting, we have not received instructions from the NAO to enable us to complete this work.

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*where permitted under applicable country laws.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Joint Report of the Managing Director and the Executive Director, Corporate Services and Transformation

Performance Monitoring and Budget Monitoring/Forecast Outturn 2021-22 as at Quarter 2 (30 September 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 Council with an update of Council Plan performance and the Revenue Budget/forecast outturn for 2021-22, as at 30 September 2021 (Quarter 2).

4. Information and Analysis

Integrated Reporting

4.01 This report presents both Council Plan performance and financial budget monitoring and forecast outturn data.

4.02 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.

4.03 The Revenue Budget Position and Financial Summary provides an overview of the Council's overall budget position and forecast outturn as at 30 September 2021.

4.04 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 September 2021. Reports have been considered at Audit Committee and Cabinet in accordance with the Budget Monitoring Policy and Financial Regulations.

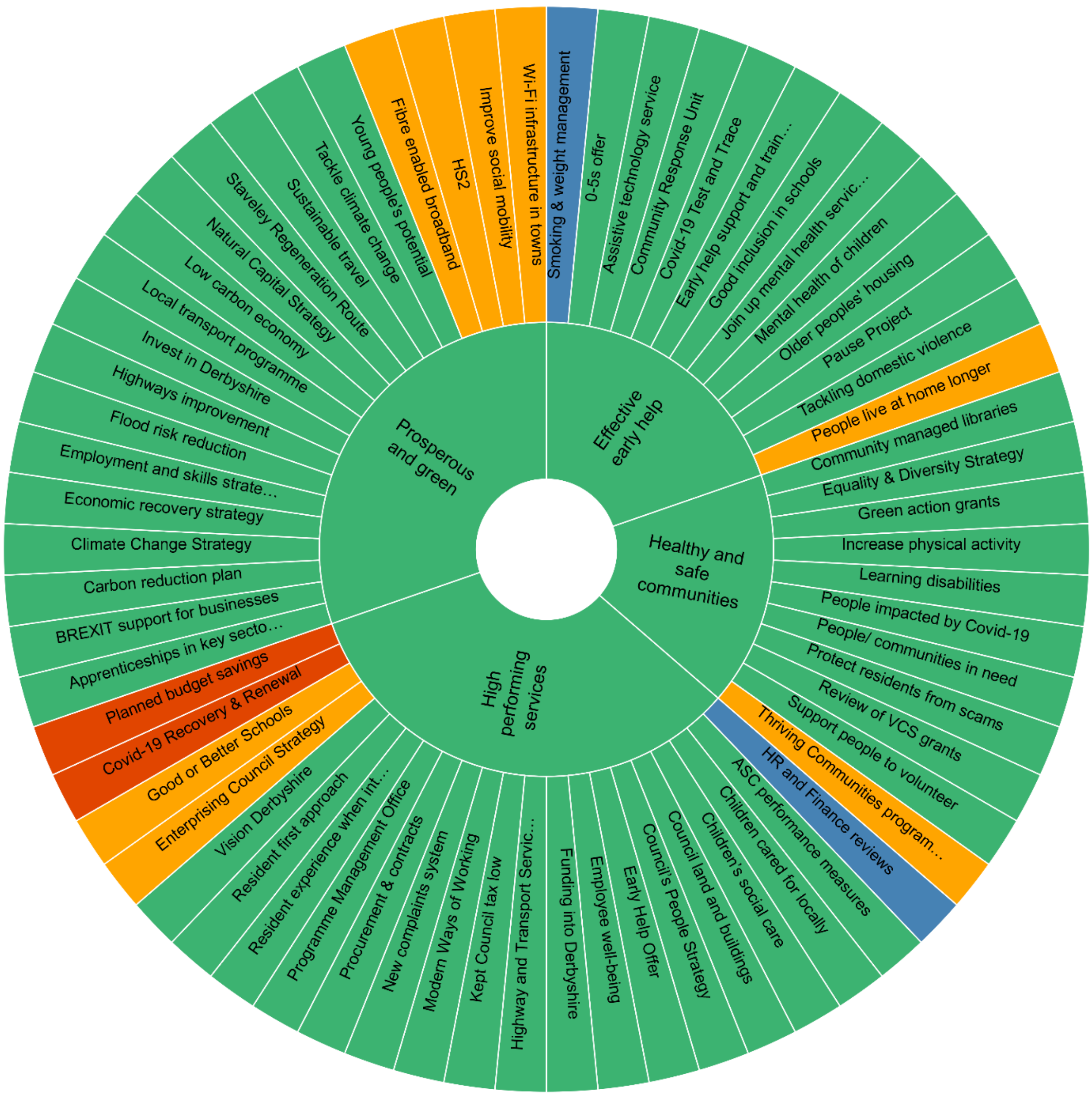
Performance Summary

4.05 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.

4.06 The performance report for Quarter 2 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.

4.07 The Council is performing well in delivering the new Council Plan, with 85% of the 66 deliverables in the Plan showing good or strong progress. Only 12% have been rated as "Requiring Review" and two deliverables have been rated as "Requiring Action". Progress in delivering the Plan is shown in the graphic below.

Deliverable Progress



4.08 The graphic below visualises the performance against target for each measure by priority. For the twenty four key measures where data for 2021-22 against target is available, five have been rated as 'Good', with a further nine rated as 'Strong', whilst three have been rated as “Requiring Review” and seven as “Requiring Action”.

Key Measures Against Target

Performance by priority

4.09 The resilient, healthy and safe communities priority shows overall “Good” performance for deliverables but “Requiring Review” based on the two rated measures.

4.10 Key areas of success are:

- The central hub of practitioners continues to work alongside people with a learning disability and / or who are autistic to ensure an outcome focused plan is in place; over 330 people now have a plan in place.

- Woodville Library has now transferred to Community Management with Expressions of interest received for three other Libraries.

4.11 Areas for consideration are:

- Whilst the number of people with a learning disability and / or are autistic who are supported to move to a more independent setting remains behind target, progress is still being made. The lifting of the national restrictions has enabled eleven people to move this period, the highest number so far.
- Public Health continues to provide support to those impacted by the pandemic alongside Local Resilience Forum partners in line with significant changes in the national policy framework. There have been 38,807 Covid-19 cases in Derbyshire in Quarter 2, an increase from 4,049 cases in Quarter 1 and therefore pressure on local services remains high. There have been 210 incidents or outbreaks in education settings and 42 in workplaces and other settings that have been managed by the Council.
- 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.

4.12 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.

4.13 Key areas of success are:

- The Council continues to see positive impact from the changes implemented across early help and safeguarding services, with improving practice consistency and solid performance across a range of performance measures.
- Good progress is being made by all six of the workstreams of the Council's Achieving Great Futures (AGF) programme for children and young people.

- The reviews of Human Resources and Finance functions have both been completed and have delivered on the expected savings.
- The programme to centralise property assets is progressing well, with an earlier than expected sale resulting in the Quarter 2 target for monies received being exceeded.
- The new People Strategy has been approved with departmental plans now in development.
- The Modern Ways of Working programme is progressing with the clearing of offices at County Hall.

4.14 Areas for consideration are:

- Quarter 2 figures for projected Council budget savings are £14.831m 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.
- Sickness absence shows an increasing trend so far this year. Causes of sickness absence are being analysed and monitored to help provide support and identify preventative actions.
- The medium and long term organisational strategy has been re-scheduled for completion by December 2021 due to delays caused by Covid-19.
- The Enterprising Council Strategy has been delayed but is progressing and is expected to be completed this year.
- The number of approved fostering households remains below target this quarter. Whilst there are currently nineteen mainstream fostering assessments in progress and a further seven due to start, there is some risk to achieving the outcome of 350 fostering households by the end of 2021-22 due to the number of foster families leaving the service for a variety of reasons, including retirement and the impact of the pandemic on family life. Phase 1 of the Fostering Service Modernisation Programme is in progress and involves targeted intervention through the Achieving Great Futures Sufficiency Workstream to improve recruitment and retention, as well as the utilisation of foster placements.

- The proportion of children returning home from care continues to be below target. Activity, particularly through work with Newton Europe, is progressing to identify opportunities to improve the outcomes of children whilst also improving value for money.
- School inspections were suspended at the end of March 2020 due to Covid-19. Graded Ofsted school inspections resumed again from 4 May 2021. However, the small number of inspections this quarter has limited any opportunity for improvement of this measure.

4.15 The effective early help for individuals and communities priority shows overall "Good" performance for both deliverables and measures.

4.16 Key areas of success are:

- Performance targets have been established for Assistive Technology and support for older people and disabled people to remain living within their own homes.
- The Wellbeing for Education Return project is now completed having delivered mental health training to 218 staff from education settings across Derbyshire including from 123 state-funded primary schools and eleven secondary schools.
- The Active Derbyshire Network is developing a 10-year plan for Derbyshire and Nottinghamshire and funding has been secured for further Walk Derbyshire activity, which will increase the number of people taking part in walking activity across the county.
- There were 3,265 awards from the Derbyshire Discretionary Fund in Quarter 2, of which 2,664 were Emergency Cash Payments, 222 were the Exceptional Pressures Grant and 373 were Covid-19 Support Payments.

4.17 Areas for consideration are:

- Adult Social Care is seeing an increase in demand to support people leaving hospital and this, combined with the shortage of available homecare in the private, voluntary and independent sector is impacting on performance. The shortage of homecare is not unique to Derbyshire and is a national issue. An Adult Social Care plan has been drawn together and wider system work is under way to seek mitigations.

4.18 The priority of a prosperous and green Derbyshire shows overall “Good” performance for both deliverables and measures.

4.19 Key areas of success are:

- The viability assessment for the Chesterfield to Staveley Regeneration Route is now complete, with the Outline Business Case due for completion in Quarter 4.
- Under the Employment and Skills Recovery plan, the Festival of Business event was a success and attended by 125 businesses.
- The substantial highway surface treatment programme across the county is now complete, although the ancillary lining and road stud work continues. To date over 250 roads have either been surface dressed or resurfaced this financial year.
- The initial 2020-21 figures for CO_2e emissions show a reduction of 63.2% from the 2009-10 baseline.

4.20 Areas of consideration are:

- A total of 3,969 Highway defects were fixed in Quarter 2, with 81% of defects being completed within target. Although still below the 90% target, this represents an improvement from Quarter 1, when only 70% of defects were completed within target.
- The Council is awaiting the outcome of a bid into the Community Renewal Fund to support development and roll out of Wi-Fi in six market towns.
- With the delay to the publication of the Integrated Rail Plan, which outlines what aspects of the HS2 proposal is proposed for Government funding, the Council will be preparing a county wide response during Quarter 3.
- As a result of the Department for Digital, Culture, Media and Sport (DCMS) delays with the Gigabit Voucher scheme registration process, for take up of fibre enabled broadband, there is no Top Up voucher activity to report for Quarter 2.
- Whilst progress to identify key activity to improve social mobility is taking place under Vision Derbyshire, the development of a new approach will be reliant on additional capacity through the programme team which will be put in place over the next quarter.

Revenue Outturn Summary

4.21 The Council's forecast outturn for 2021-22 as at Quarter 2 (30 September 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	Use of DLUHC Covid-19 & SFC Grant Funding	Adjusted Budget	Forecast Actuals	Projected Outturn	Budget Performance
	£ Millions	£ Millions	£ Millions	£ Millions	£ Millions	
Adult Care	256.903	4.058	260.961	267.223	6.262	⚑
Clean Growth and Regeneration	0.828	0.026	0.854	0.844	-0.010	✓
Corporate Services and Budget	48.035	1.071	49.106	54.053	4.947	⚑
Children's Services and Safeguarding	137.113	4.645	141.758	147.251	5.493	⚑
Health and Communities	8.537	0.095	8.632	7.539	-1.093	✓
Highways and Transport	30.747	1.228	31.975	34.652	2.677	⚑
Infrastructure & Environment	42.692	2.956	45.648	45.821	0.173	⚑
Strategic Leadership, Culture,Tourism and Climate Change	12.763	0.079	12.842	12.937	0.095	⚑
Total Portfolio Outturn	**537.618**	**14.158**	**551.776**	**570.320**	**18.544**	⚑
Risk Management	24.280	0.000	24.280	3.813	-20.467	✓
Debt Charges	28.767	0.000	28.767	27.958	-0.809	✓
Interest and Dividend Income	-4.099	1.206	-2.893	-5.056	-2.163	✓
Levies and Precepts	0.354	0.000	0.354	0.357	0.003	⚑
Corporate Adjustments	4.930	0.555	5.485	5.214	-0.271	✓
Total	**591.850**	**15.919**	**607.769**	**602.606**	**-5.163**	✓

4.22 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.

4.23 An overall Council underspend of £5.163m is forecast, after accounting for use of £15.919m of non-ringfenced grant funding provided by the Department for Levelling Up Housing & Communities (DLUHC) to support local authorities with the impacts of the Covid-19 pandemic. This 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.

4.24 Of the forecast £18.544m portfolio overspend, the significant variances are an overspend of £6.262m overspend on the Adult Care portfolio, a £5.493m overspend on the Children's Services and Safeguarding portfolio, a £4.947m overspend on the Corporate Services and Budget portfolio and a £2.677m overspend on the Highways and Transport portfolio.

4.25 The forecast £6.262m 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.

4.26 The forecast £5.493m 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.

4.27 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.

4.28 The forecast £4.947m 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.

4.29 The forecast £2.677m 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.

4.30 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 £8.000m set aside to mitigate general risks arising from the current uncertain environment resulting from Covid-19 and £13.000m of additional non-ringfenced grants which were announced after the 2021-22 Revenue Budget was set. 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. A small underspend on Corporate adjustments is forecast.

4.31 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.

4.32 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.

4.33 The General Reserve stands at £46.146m at 30 September 2021. There are commitments against this balance 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 4.32 above. The adequacy of the Council's General Reserve balance is considered at paragraphs 4.57 and 4.58 below.

Portfolio Costs

4.34 There is a forecast Council portfolio overspend of £18.544m, after the use of DLUHC 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 £14.158m. 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 £14.158m 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.

4.35 Portfolio costs are explained in more detail in Appendices 4 to 11.

Risk Management Budget

4.36 There is a forecast underspend on the Risk Management Budget of £20.467m in 2021-22.

4.37 The Risk Management Budget of £24.280m includes:

- £12.205m of contingency funding set aside in the 2021-22 Revenue Budget. This comprises:
  - £8.392m 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.
- £13.233m of additional non-ringfenced grants that had not been announced when the 2021-22 Revenue Budget was approved by Council on 3 February 2021. This comprises:
  - £6.000m Covid-19 Local Council Tax Support grant;
  - £3.294m Business Rates Relief grant;
  - £2.534m former Independent Living Fund grant; and
  - £1.405m Extended Rights to Home to School Transport grant.

- £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.
- Less: £3.243m adjustment for Business Rates income. The amounts were finalised after the 2021-22 Revenue Budget was approved by Council on 3 February 2021.

4.38 The forecast expenditure of £3.813m on the Risk Management Budget is:

- £2.313m draw-down of contingency funding for a pay award.
- £1.500m draw-down of contingency funding for election costs.

Debt Charges

4.39 The Debt Charges budget is forecast to be underspent by £0.809m in 2021-22.

4.40 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

4.41 Interest and dividend income budgets are forecast to be underspent by £2.163m in 2021-22.

4.42 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.

4.43 A projected decrease of £0.952m in dividend income on the Council's investments in pooled funds, compared to 2019-20, is forecast to be supported by the use of DLUHC Covid-19 grant funding. Pooled fund investments have been held for the whole financial year to date.

4.44 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 DLUHC Covid-19 grant funding.

Corporate Adjustments

4.45 There is a forecast underspend of £0.271m on Corporate Adjustments in 2021-22.

4.46 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 £0.162m of DLUHC Covid-19 grant funding.

4.47 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. A sum of £0.368m of DLUHC 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

4.48 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 £9.772m, 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, £11.228m is forecast to be achieved by the end of the financial year. Therefore, there is a £14.831m 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

4.49 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

4.50 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 December 2021.

4.51 A summary of outstanding balances on the Council’s earmarked reserves as at 30 September 2021 is set out in Appendix 13.

4.52 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.

4.53 A register of funding available for use to meet Covid-19 related costs in 2021-22 is disclosed in Appendix 16.

General Reserve

4.54 The General Reserve stands at £46.146m at 30 September 2021. The level of General Reserve is £51.309m, after the forecast outturn for 2021-22, which is 9% of the Council’s Net Budget Requirement for 2021-22.

General Reserve

	£m
Balance at 30 September 2021	**46.146**
Projected Outturn 2021-22	5.163
Forecast Balance at 31 March 2022	**51.309**
Net Budget Requirement 2021-22	**572.475**
General Reserve Balance as % of NBR at 31 March 2022	**8.96%**

4.55 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.

4.56 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 September 2021, 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

4.57 A summary of each of the individual portfolio performance and outturn positions for 2021-22 is detailed in Appendices 4 to 11.

4.58 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

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

4.60 ‘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 £0.246m is forecast for 2021-22 on fully traded areas across the Council as a whole.

4.61 ‘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 excess of £0.193m compared to the budgeted income target is forecast for 2021-22 on partially traded areas across the Council as a whole.

4.62 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 Council 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. Finance papers held electronically by Financial Strategy, Financial Management & Strategy, Finance & ICT Services, 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 Council:

10.1 Notes the update of Council Plan performance and the Revenue Budget position/forecast outturn for 2021-22 as at 30 September 2021 (Quarter 2).

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.

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This report has been approved by the following officers:

On behalf of: Director of Legal Services and Monitoring Officer Executive Director, Corporate Services and Transformation Managing Director	

Appendix 1

Implications

Financial

1.1 As outlined in the body of the report.

Legal

2.1 None.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

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

Contents

Introduction

Welcome to the Council's performance report on the Council Plan 2021-25, for Quarter 2 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:

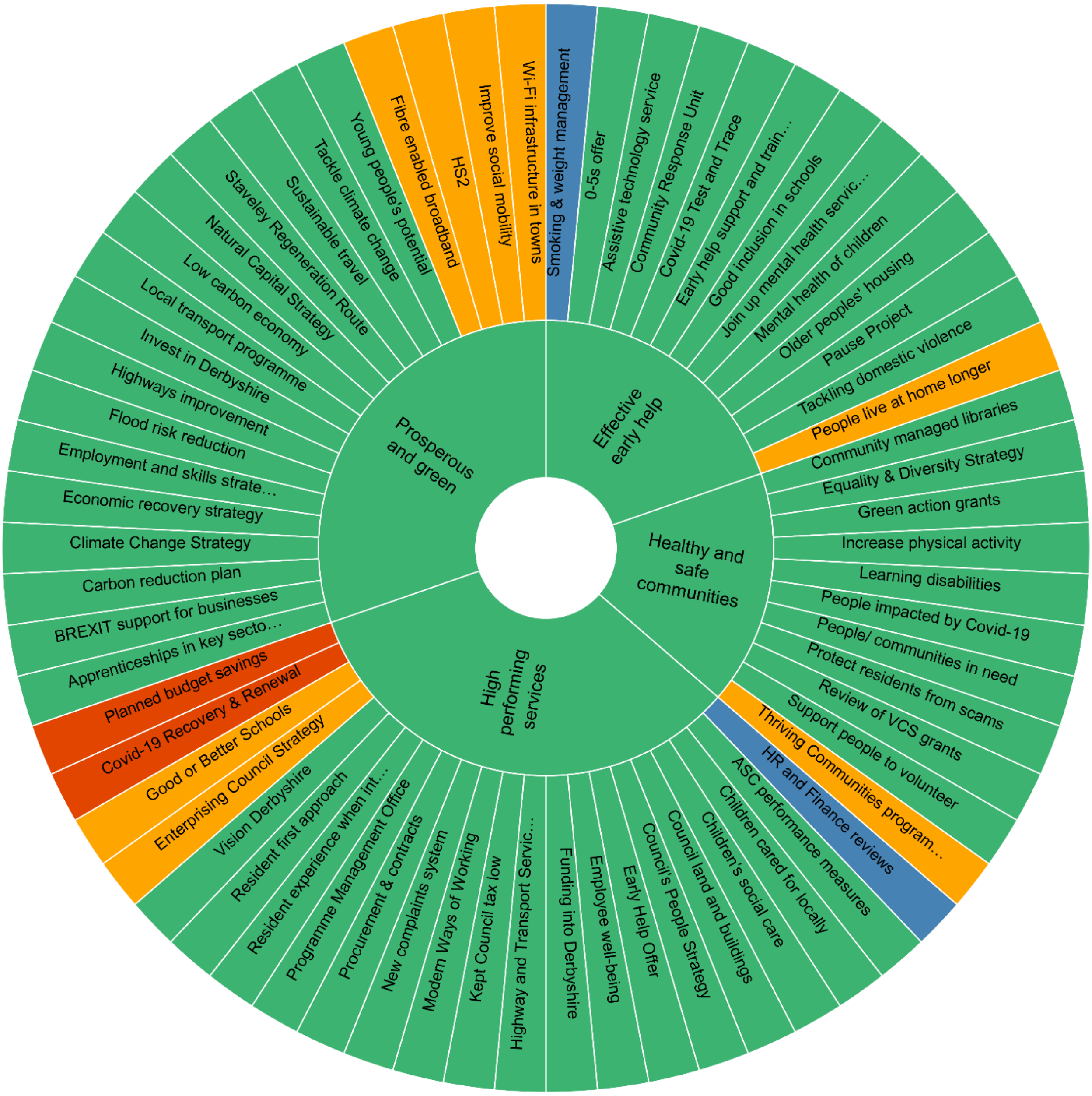
Category	Deliverables	Measures	Council Response
Strong	On track or complete with outcomes exceeding expectations	More than 5% better than target (2% better than target if the target is greater than 95%)	Continue to monitor. Celebrate and learn from success
Good	On track or complete with outcomes in line 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

Appendix 3

Deliverable Overview

Good progress has been made in delivering the Council Plan during Quarter 2 2021-22. Of the 66 deliverables in the Plan, 82% have been rated as 'Good', with a further 3% rated as 'Strong'. Only 12% have been rated as 'Requiring Review' and 3% as 'Requiring Action'. A graphical representation of the Council's performance for Quarter 2 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 2 data is awaited.



Appendix 3

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 24 key measures with data at this point in the year, 9 have been rated as 'Strong', with a further 5 rated as 'Good'. Only 3 have been rated as 'Requiring Review' and 7 as 'Requiring Action'. Measures which are grey currently have no data available for 2021-22.

Appendix 3

Key Measures Updated for Quarter 2 2021-22

The following measures have been updated during Quarter 2:

Key Measure	Date	Actual	Target	Performance
Number of people with a learning disability and/or who are autistic with an outcome focused support plan	Sep-2021	333	200	
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	Sep-2021	28	36	
Percentage of pupils in 'Good' or better primary schools	Sep-2021	81.6%	84.0%	
Percentage of pupils in 'Good' or better secondary schools	Sep-2021	55.0%	68.0%	
Percentage of Council run children's homes rated as 'Good' or 'Outstanding' by Ofsted	Sep-2021	100.0%	91.0%	
Number of approved fostering households	Sep-2021	305	350	
Percentage of children's social care reflective case review judgements rated as 'Good' or 'Outstanding'	Sep-2021	77.0%	70.0%	
Early help assessments completed within 45 days	Sep-2021	96.4%	91.0%	
Social work assessments completed within 45 days	Sep-2021	89.5%	91.0%	
Initial child protection conferences within 15 days	Sep-2021	88.4%	87.0%	
Percentage of children returning home after a period in care	Sep-2021	13.6%	18.0%	
Employee sickness absence (Council, not including schools)	Aug-2021	4.6%		
Average number of days lost per appointment to sickness (Council, not including schools)	Sep-2021	9.4	9.0	
Amount of money raised from the disposal of land and buildings	Aug-2021	£1,000,000	£500,000	
Projected achievement of budget savings	Sep-2021	£11.228m	£26.059m	
Number of participants in Council delivered stop smoking programmes who stop smoking	Sep-2021	854	600	
Number participants in Council weight management programmes who achieve 5% weight loss	Sep-2021	160	114	
Number of older people and disabled people able to access short term assistance to regain or increase independence	Sep-2021	1,673	1,794	
Number of people with social care needs receiving Assistive Technology	Sep-2021	436	300	

Appendix 3

Key Measure	Date	Actual	Target	Performance
Total amount of expenditure on the delivery of the Local Transport Programme	Sep-2021	20,966,583	20,000,000	
Percentage of defects completed within target	Sep-2021	73.5%	90.0%	
Percentage of 16 to 17 year olds in education, employment or training (3 month avg)	Aug-2021	95.8%	96.0%	

Key Measures with new data for Quarter 1 2021-22

The following measures have been updated during Quarter 2:

Key Measure	Date	Actual	Target	Performance
Percentage of identified pregnant women receiving an antenatal contact	Jun-2021	91.2%	93.0%	
Percentage of infants receiving a new baby review between 10-14 days	Jun-2021	99.2%	94.0%	
Number of permanent admissions to residential and nursing homes	Jun-2021	257	233	

Key Measures with new data for Earlier Quarters

The following measures have been updated during Quarter 2:

Key Measure	Date	Actual	Target	Performance
Percentage reduction in CO2e from 2009-10 baseline	Mar-2021	63.2%	55.0%	

Appendix 3

Performance – Trend over Time

Deliverables

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Strong	3	2		
Good	52	54		
Review	6	8		
Action	1	2		

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Improving	N/A	3		
No Change	N/A	52		
Declining	N/A	7		
Completed	0	3		

Measures

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Strong	4	9		
Good	5	5		
Review	2	3		
Action	3	7		

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Improving	N/A	2		
No Change	N/A	12		
Declining	N/A	5		

Deliverables and Measures rated as "Requiring Action"

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

Although this remains below target, the lifting of national restrictions concerning Covid-19 has resulted in 11 people moving in Quarter 2, the highest number so far.

Percentage of pupils in 'Good' or better secondary schools

School inspections were suspended at the end of March 2020 due to Covid-19. At the point that school inspections were suspended, the percentage of pupils in Derbyshire attending secondary schools judged to be good or better was 55% with performance significantly below the national average (79.5%). Graded Ofsted school inspections resumed from 4th May 2021. The small number of inspections this quarter has limited any opportunity for improvement of this measure.

Appendix 3

Number of approved fostering households

The number of approved fostering households remains below target this quarter. Whilst it is positive that there are currently 19 mainstream fostering assessments in progress and a further 7 due to start, some risk to achieving the outcome of 350 fostering households delivering 580 places by the end of 2021-22 remains due to the number of foster families leaving the service. Phase 1 of the Fostering Service Modernisation Programme is in progress and involves targeted intervention through the Achieving Great Futures Sufficiency Workstream to improve recruitment and retention, as well as the utilisation of foster placements.

Percentage of children returning home after a period in care

Performance this quarter has fallen slightly to 13.6%. This falls under the Achieving Great Futures Planning Permanence Outside of Care workstream. As this work enters into the implementation and trial phase, we expect to start seeing some impact on this measure.

Developed a medium and long-term organisational recovery and renewal strategy to address the challenges and opportunities presented by Covid-19

Covid-19 delayed the start of this workstream and the expected completion date of September 2021 has therefore been missed. However work is being rescheduled for Quarter 3 and a new completion date of December 2021 is expected to be met.

Kept on track to achieve all planned budget savings in the medium term

The Quarter 2 position shows a projected achievement of savings of £11.228m, substantially short of the target of £26.059m.

Number of permanent admissions to residential and nursing homes

As with help for older and disabled people to regain independence admissions into residential care were above the Quarter 2 target of 257 admissions due to the lack of availability of homecare to support people to return or remain at home.

Percentage of defects completed within target

A total of 73% of all highway defects have been completed within the appropriate target timescale during 2021-22. Whilst this is below the target of 90, in Quarter 2 81% of all highway defects were completed within the appropriate target timescale, which was a substantial improvement from the Quarter 1 position of 70% completed within the appropriate target timescale.

Appendix 3

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

- Supported people in need with £414,552 in grants from the Derbyshire Discretionary Fund, making a total of £757,049 so far this year
- Received 27 Expressions of Interest for low carbon economic opportunity funding
- Worked in partnership to launch the Festival of Business helping businesses capitalise on opportunities as the county recovers from the pandemic
- Provided advice, information and guidance to support the safe re-opening of different activities

Well maintained roads and sustainable methods of travel

- Delivered £13m of expenditure on the Local Transport Programme making a total of nearly £21m for the year so far
- Completed work to fix 3,969 road defects making a total of 11,585 for the year so far
- Begun feasibility studies targeting cycling and walking initiatives across the county, supported by a £236k award from the Department for Transport

Taking action on climate change

- Achieved a reduction of 63% in CO_2e emissions from Council land and buildings as at the end of 2020-21, compared to the 2009-10 baseline
- Completed the Climate Change Strategy and Action Plan
- Secured £37,500 funding to produce a Renewable Energy Planning Study for the county

Appendix 3

Transformation of social care

- Worked with 136 people with a learning disability or who are autistic to put in place new outcome focused plans, supporting 333 people so far this year
- Exceeded quality and timeliness targets for the 4 key measures relating to consistent, high quality early help and safeguarding services for children
- Provided 222 people with assistive technology to support independent living, making a total of 436 people supported so far this year

Thriving Communities

- Prepared for local connected teams within communities, including developing an induction for staff new to the approach
- Started to roll out Thriving Communities in Langley Mill, Staveley, Ashbourne and the surrounding areas
- Trained staff to undertake research within the homeless community

Employees' wellbeing and potential

- Approved the new People Strategy including five key people priorities
- Started work to clear offices as part of the Modern Ways of Working strategy
- Implemented a risk based inspection programme for Council premises to identify and prevent hazards

Appendix 3

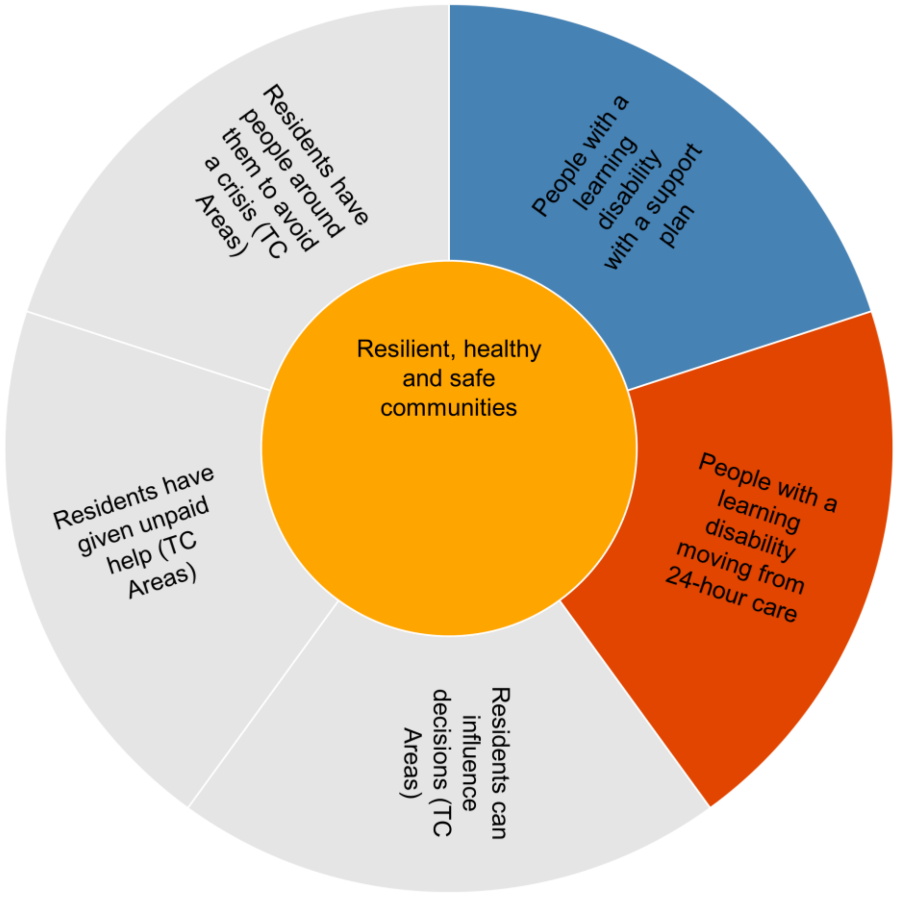
Resilient, healthy and safe communities

Overview

This priority shows overall “Good” progress for deliverables but measures are rated as “Review” based on 2 rated measures.

Deliverable Progress

Key Measures



Appendix 3

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**

During Quarter 2, two Thriving Communities Board sessions to bring together Council Departments and create a whole-council approach to expanding the Thriving Communities approach have successfully taken place. Progress in allocating identified staff to support the programme at a hyper-local level and to build local connected teams within communities from October 2021, has been made. An induction for all new staff taking part is being developed and is currently being scheduled during the forthcoming quarter.

Within communities, progress has been slow for a number of reasons including available workforce capacity and the restricted use of community buildings primarily as a result of the pandemic. The approach relies on the flexibility and agility of public services to work creatively alongside community members to grow local ideas and solutions and the current environment within which public services are operating continues to be a challenge.

Staff have been trained to undertake ethnographic research within the homeless community and connections are being made to roll-out the approach into Ashbourne and surrounding areas, Staveley and Langley Mill. Activity to develop the approach also continues in Cotmanhay, Shirebrook, Newhall and Gamesley, taking the total to eight active communities.

54.5%

Residents can influence decisions (TC Areas)

31 DEC 20

2019-2020	51.1%
2020-2021	54.5%
Target 20-21	58.0%
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%
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%
2021-2022	Due in Q3
Target 21-22	36.0%

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 continues to develop the new physical activity 10 year plan for Derbyshire and Nottingham and is due to be launched in October 2021. Funding has been secured for a new Walk Derbyshire project to help local communities walk from their doorstep. There will also be specific work to develop Active Neighbourhoods in 4 areas, yet to be confirmed.

Appendix 3

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 3,265 awards in Quarter 2, totalling £414,552. There were 2,664 awards of Emergency Cash Payments; 222 awards of Exceptional Pressure Grants; and 379 awards of Covid Support Payments. 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**

Work to develop the initial draft Equality and Diversity Strategy has fallen slightly behind schedule. The initial draft Strategy is due to be circulated among internal stakeholders shortly. Public consultation will take place over the winter of 2021 with plans to approve the final draft Equality and Diversity Strategy for adoption by March 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 over 500 referrals from the National Trading Standards Scams team, and other local partners. Over 200 residents have received one-to-one support to help protect them from scams and fraud. Where a client has been a victim, officers have intervened with banks and other businesses to seek compensation. Officers have continued to install call blocker devices for those who are most vulnerable. These produce an effective block on nuisance calls.

Provided green grants to community projects to support investment in sustainable and green community activity

Rating: Good **Expected completion date: 31 Mar 2022**

The Council is currently developing its future approach to grant funding. A new grant funding prospectus and accompanying framework, has been developed.

This new approach to grant programmes will distribute one-off grants based on an outcomes-based model, allowing the sector to be innovative and creative, whilst also delivering on the Council's strategic priorities, including 'green grants'. Engagement is taking place across the Council to consider the prospectus and framework, which will result in the launch of the new approach in the new year.

In advance of the launch, work to complete a new grants policy and technical guidance will take place alongside the production of materials, toolkits, Frequently Asked Questions and application forms. This will also include progressing key elements of the proposed IT grants management solution which the Council is looking to have in place in the future. Dedicated officer capacity 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 continued to work on the scope of this Council Plan priority to ensure that the full depth and breadth of the opportunities for increasing volunteering can be explored before work is taken forward. A review of existing approaches across the Council will be required and this will look to establish baseline information which will be important in developing the Council's response. Engagement on the scope is planned for the next quarter and this will then support the development of a high level plan to take forward identified actions.

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 and manage the ongoing impacts from the pandemic. The Community Champions network remains in place to 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 operation and running of different events. We continue to make a range of funding available to groups and organisations throughout Derbyshire, including those who are providing ongoing support in relation to Outbreak Management via the Contain fund from central Government and to Clinically Extremely Vulnerable individuals via a separate funding stream. The results of an engagement survey have been analysed and residents have outlined concerns regarding increases in poor mental health and feeling isolated and this feedback is informing next steps. In Quarter 2 it was agreed that the winter pressures helpline will operate again this year to help people, following referral from a health professional, access the right support and will go live shortly.

Appendix 3

✔ 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 2 there has been a continued focus on the Better Lives programme of work. The central team of practitioners continue to work actively with people with a learning disability or who are autistic. Of these people 333 have a new outcome focused plan in place; with 187 people choosing to take up an alternative community opportunity and the community connection service is currently working alongside 74 people. 9 building based day centres are now open and 111 people have chosen to access only this service. Attendance remains limited due to capacity constraints to ensure the offer remains Covid-19 secure. Further progress has been made to support people with a learning disability to move from a short term residential placement to a supported living long term home within local communities. 28 people have moved so far which although this remains below target, the lifting of national restrictions concerning Covid-19 resulted in 11 people moving during Quarter 2, the highest number so far.

333

People with a learning disability with a support plan

30 SEP 21

2021-2022	333
Target	200
Performance	

28

People with a learning disability moving from 24-hour care

30 SEP 21

2021-2022	28
Target	36
Performance	

✔ Transferred a minimum of 5 libraries to community management, engaging and involving communities in the development of a cost-efficient library service

Rating: Good (Review in Q1) **Expected completion date: 31 Oct 2024**

Woodville Library transferred to Community Management on 21 August. The Library Service has received Expression of Interest and Business Case applications for a further 3 libraries to be transferred: Old Whittington, Wingerworth and Melbourne. Expressions of Interest have also been received for Tideswell and Etwall Libraries. Four libraries at Hayfield, Whaley Bridge, Borrowash and Duffield have withdrawn from the process. The Library Strategy was relaunched in September 2021 to help drive renewed community interest in the transfer scheme.

✔ 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 plans developed in Quarter 4 of 2020-21. Cabinet agreed a report in July 2021 which extended recurrent payments to VCS organisations for a period of six months from 1 October 2021 to 31 March 2022. This also secured additional resources for twelve months to ensure that there was adequate VCS infrastructure in place to provide ongoing support to Covid-19 response, recovery and resurgence.

Appendix 3

A significant amount of work has been completed (through the Grants Board and associated officer working group) reviewing current recurring VCS grants across the Council, engaging with key stakeholders, and agreeing a way forward for consultation with existing groups. This work will be outlined in a report to Cabinet on the 18 November 2021.

The Grants Board now meets regularly with a forward plan of agenda items to ensure it can support the delivery of identified actions. A draft of the Grants Policy has been developed and circulated both to the Grants Board and departments for discussion and feedback, suggesting that the initial draft is a positive start and has laid the foundations for the future approach. The task and finish group's development of the policy and accompanying technical guidance is now at a critical point and work is now underway to finalise the approach.

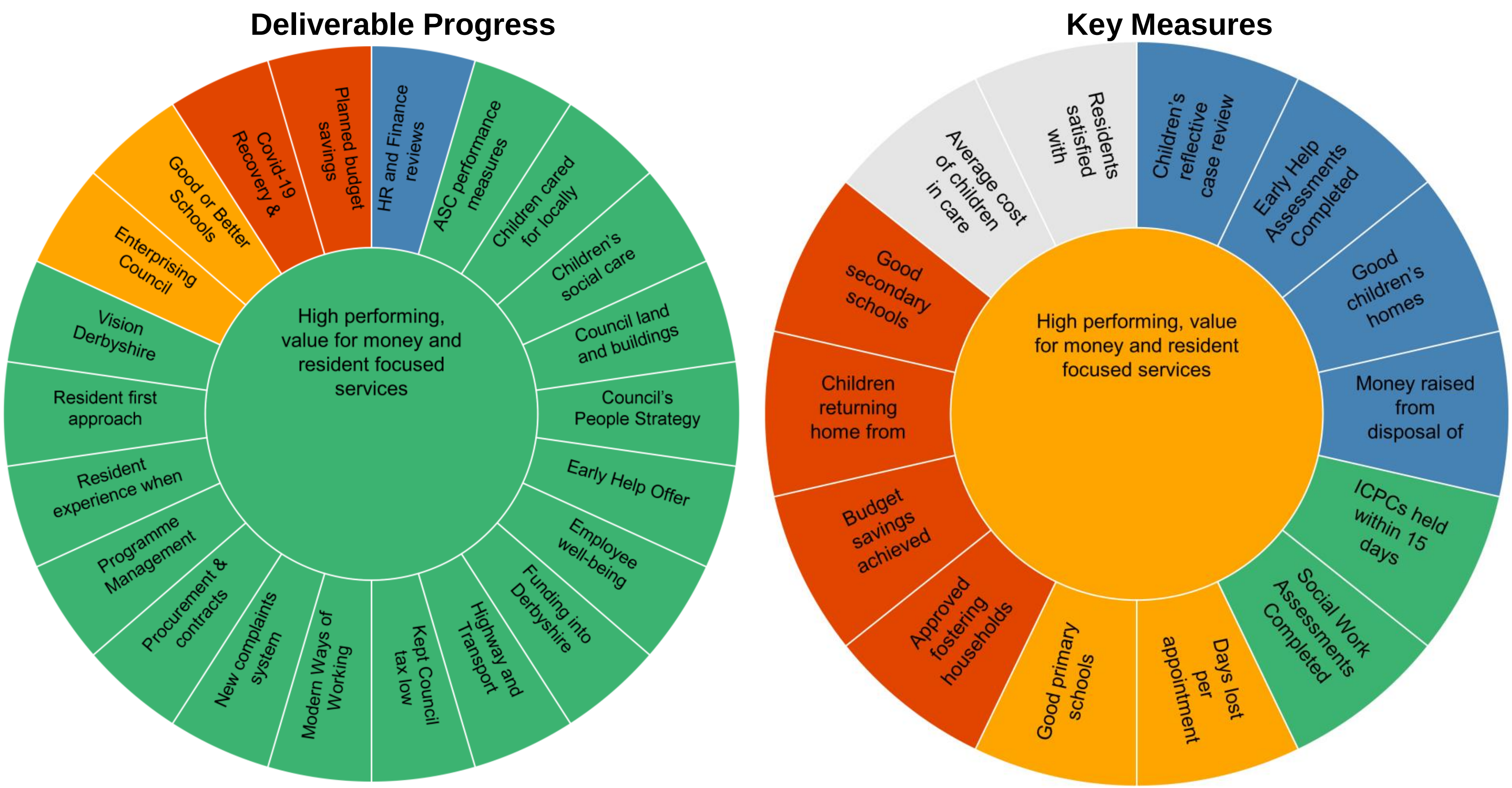
A sub-group of the internal task and finish group has been exploring the use of automated IT processes with the aim of reducing officer time spent on administration. A solution has been identified through research and engagement, which will be further explored and tested through a small scale pilot.

Appendix 3

High performing, value for money and resident focused services

Overview

This priority shows overall “Good” progress for deliverables but measures are rated as “Review” based on 12 rated measures.



Appendix 3

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: Review **Expected completion date: 31 Mar 2025**

Graded school inspections resumed from 4 May 2021. Since 4 May, twelve Local Authority (LA) maintained schools and 4 academies have been inspected. Reports have been published for 8 of the 12 LA maintained schools and these indicate that 4 are still securely good, 3 will have a section 5 inspection in the next 2 years because aspects of work may have declined and one school which was previously requiring improvement has still been judged to require improvement. No reports have yet been published for the academies which have been inspected. The small number of inspections this quarter has only marginally altered the overall measures for the percentage of primary pupils and secondary pupils in good or outstanding schools which have been static since the start of the Covid-19 when graded inspections were suspended. At the end of September, 81.6% of pupils in Derbyshire were attending primary schools that were judged to be good or outstanding. This is below the national average of 88.6% and placed Derbyshire as the 134th rank local authority nationally. The percentage of secondary aged pupils attending schools judged to be good or better was 55% with performance significantly below the national average (80.1%) with Derbyshire ranked 137th nationally.

81.6%

Pupils in 'Good' or better primary schools

30 SEP 21

2019-2020	80.7%
2020-2021	81.2%
2021-2022	**81.6%**
Target	84.0%
Performance	
National Benchmark	88.2%

55.0%

Pupils in 'Good' or better secondary schools

30 SEP 21

2019-2020	54.9%
2020-2021	55.0%
2021-2022	**55.0%**
Target	68.0%
Performance	
National Benchmark	79.6%

The timing of inspections for an individual school depends on the findings of its previous inspection. However, Ofsted has indicated that schools that were last inspected before the start of the pandemic may receive their first routine inspection up to 6 terms later than they would have previously. This is due to the suspension of routine inspection activity as a result of Covid-19. This now makes it more challenging to predict when a school may be inspected but we anticipate that inspection activity will be more prevalent in 2022-23 rather than in 2021-22.

In order to support schools:

- the senior Her Majesty's Inspector has delivered an input to link advisers;
- all headteachers have been sent details of an online curriculum roadshow delivered by Ofsted;
- all headteachers have been sent a link to a recording of the curriculum roadshow so that they can view this if they weren't able to attend the event with a view that it can also be shared with staff and governors;
- during the next quarter, the locality meetings led by senior advisers will continue to focus on improving the implementation of the curriculum.

Appendix 3

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 SEP 21

2019-2020	83.9%
2020-2021	83.9%
2021-2022	**100.0%**
Target	91.0%
Performance	

305

Number of approved fostering households

30 SEP 21

2020-2021	312
2021-2022	**305**
Target	350
Performance	(Review in Q1)

We passionately believe that the time that children spend in our care should be a positive experience, with access to a range of activities and opportunities to develop skills and confidence to allow them to achieve their full potential. At the end of Quarter 2, all 10 (100%) of Derbyshire's children's homes which have been inspected are rated good or better with two judged as outstanding. This is exceptional performance. Our recently refurbished and re-registered Linden House and Spring Cottage, a new children's home to support fragile placements, are both still awaiting their first inspection. It is very important to us that our children's homes are homes that children feel happy to live in and we are extremely proud of the positive and often heart-warming feedback and comments we receive from inspections of our children's homes.

Derbyshire's fostering service is our provider of choice due to both quality and cost and we continue to work hard to ensure an efficient and effective growth strategy for fostering to improve the quality and placement choice for our children. The number of approved fostering households has decreased slightly from 309 at the end of Quarter 1 to 305 at the end of Quarter 2 (figure adjusted for Quarter 1). 11 foster families were approved during the quarter; however, 13 foster families left the service during the same period, resulting in a net loss of 2 families. Specific actions to improve our performance in relation to recruitment in the last quarter include restructuring the Assessment Team so that we are able to respond in a more timely way to enquiries, and implementing target response times to new enquiries. We have also reviewed our mentoring scheme so that applicants can access mentoring from an experienced foster carer through the assessment and approval process, as well as in their first year of fostering. Whilst it is positive that there are currently 19 mainstream fostering assessments in progress and a further 7 due to start, some risk to achieving the outcome of 350 fostering households delivering 580 places by the end of 2021-22 remains due to the number of foster families leaving the service. The most common reasons for foster carers leaving are retirement (due to age and ill health), changing circumstances (including family and work commitments and the impact of the pandemic on family life), and achieving permanency for children (through adoption, Special Guardianship and children returning to family). The Fostering Network estimates that the average length of service for a foster carer is 6.3 years. Our analysis shows that over 60% of Derbyshire's foster carers have been fostering for 5 years or more and 35% for 10 years or more. This indicates a vulnerability for the service in terms of our ability to retain foster families in the future.

As reported at the end of Quarter 1, the Fostering Service Modernisation Programme will enable the service to build on its strengths while ensuring that we are 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. Phase 1 of the Programme is in progress and involves targeted intervention through the Achieving Great Futures Sufficiency Workstream to improve recruitment and retention, as well as the utilisation of foster placements. In the next quarter, the Fostering Service will be undertaking trials in these areas in order to: increase the number of enquiries and the number of foster families joining the service each year; understand why foster carers leave the service and how we can encourage them to stay for longer; and ensure that we are using our current foster carers and placements to the best of our ability. Successful outcomes from the trials will be embedded into practice so that progress is sustained.

Appendix 3

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

Rating: Good **Expected completion date: 31 Mar 2022**

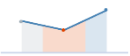
We continue to see positive impact from the changes we have implemented across early help and safeguarding services with improving practice consistency and solid performance across a range of performance measures. Our strengthened case audit processes, Reflective Case Reviews, are demonstrating greater consistency in practice and improvements in delivery of services in children's social care. This work will continue to inform action planning on key priorities, ensuring 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 admitted to care continues to follow 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 continues to be made in establishing a sustainable workforce with more permanent social work staff and less reliance on agency staff on the frontline. 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. The outcomes reported this quarter relate to the first full cycle of the new reflective case review process. As the new system embeds, a rolling 6 month average will be used to measure progress. Performance focussed on the timeliness of key processes to keep children safe continues to be solid.

The performance of key measures continues to track well above the latest national average and in-line with our target this year of achieving performance which would place Derbyshire within the top quartile nationally. The percentage of reflective case reviews good or better is 77%, social work assessments completed within 45 days is 89.5%, initial child protection conferences within 15 days is 88.4% and early help assessments completed within 45 days is 96.4%.

77.0%



Children's care reflective case reviews good or better

30 SEP 21

2020-2021	57.3%
2021-2022	**77.0%**
Target	70.0%
Performance	

96.4%

Early help assessments completed within 45 days

30 SEP 21

2019-2020	91.3%
2020-2021	86.9%
2021-2022	**96.4%**
Target	91.0%
Performance	

89.5%

Social work assessments completed within 45 days

30 SEP 21

2019-2020	86.5%
2020-2021	92.2%
2021-2022	**89.5%**
Target	91.0%
Performance	
National Benchmark	83.8%

88.4%

Initial child protection conferences within 15 days

30 SEP 21

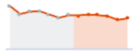
2019-2020	81.4%
2020-2021	87.4%
2021-2022	**88.4%**
Target	87.0%
Performance	
National Benchmark	77.6%

Appendix 3

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**

13.6%



Children returning home from care

30 SEP 21

2019-2020	19.0%
2020-2021	15.0%
2021-2022	**13.6%**
Target	18.0%
Performance	
National Benchmark	18.0%

£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

Following a diagnostic into Children's Service in Summer/ Autumn 2020 which identified several areas for improving the long term outcomes for children, young people and families in Derbyshire, as well as reduce the expected annual spend for Children's Services by approximately £14m per annum, we started the Achieving Great Futures (AGF) programme in April with partners Newton Europe. This programme is focussed on delivering the following six workstreams with associated outcomes:

- Reducing Demand and Early Intervention (RD&EI): the primary need for children coming into care is domestic abuse, with 40% of all children coming into care having this as a primary need, and 20% of children with this as their only need. The RD&EI workstream is looking at how we optimise the throughput and effectiveness of our specialist domestic abuse partner organisations in order to demonstrably reduce the overall domestic abuse need in Derbyshire, and therefore reduce the number of children needing to come into care.
- Planning Permanence Outside of Care (PPOC): the primary reason for growing numbers of children in care over the last 4 years have been that fewer children have been leaving care than coming into it, and the average duration of a child in care has been growing. The PPOC workstream is looking at increasing the number of children leaving care before 18 and reducing the average duration of a child in care.
- Placement Sufficiency: The rate of children going into residential care is growing, and more children are going into Independent Fostering Agencies (IFAs) than the Council Fostering placements than historically, and so the average cost of a child in care has been going up. The Council Fostering Service is currently seeing a relatively low utilisation, and the number of foster carers leaving is twice that of those joining. This workstream is looking to change the recruitment, utilisation, and retention of Council foster carers to ensure that children can get the ideal setting for their outcomes.
- CIN Plan Progression (CIN): the number of open CIN plans has increased by approximately 60% since 2017, and the average duration of these plans has increase by 5 weeks/ a third since 2019. This workstream is looking to use best practice from across the different teams around managing plans, and introduce new visibility tools to help teams prioritise and identify plans for support, in order the reduce the average duration of these CIN plans and help balance out demand.
- Home to School Transport for Special Needs Children: Children's Services overall spend on transport has increased by 26% over the last 5 years. While numbers of pupils have stayed similar overall, the cost per Special Educational Needs and Disability (SEND) pupil has increased by 32% in 5 years, nearly entirely driven by spend on taxis which makes up 93% of this. This workstream is looking at how we deliver our home to school transport for these children with the most effective use our resources.
- Transitions to Adulthood for Disabled Children: the change for a young person with social care needs moving between Children's Services and Adult Services can often be challenging, as well as including support from key other groups such as the SEND team for their education

outcomes. This workstream is focussed on ensuring that our processes and reviews support collaboration from all the different groups around the young person, and allow us to make clearer more unified plans around their ambitions and plans for the future.

The programme is currently in the first of two parts, called the 'Design Phase'. This is focussed on working with a few trial teams across Derbyshire to lead on developing and testing possible solutions in a safe but realistic space with frontline staff, and ensuring that we have strong data and evidence for each workstream that the new ways of working are demonstrably achieving their outcome as listed above. The second part is the 'Implementation Phase', which is about taking these proven solutions and rolling them out to all the different teams, and ensuring that we take into account the individual challenges of different parts of the County whilst also balancing standardisation of processes. This will take different lengths of time for each workstream, but this second part will start between November 2021 and February 2022, and conclude in the late summer 2022. A Benefits Monitoring Board has been set up to review the progress of the Key Performance Indicators of the programme every few weeks, and ensure the change in outcomes and financial savings are on track to be achieved. Currently two previous measures are tracked but these will be aligned with AGF key measures and targets from Quarter 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 National Highways and Transportation Survey available in October annually. The data is reported in Quarter 3.

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%
2021-2022	Due in Q3
Target 21-22	57.0%
National Benchmark	54.0%

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

Rating: Good **Expected completion date: 31 Mar 2023**

The Council have been proactively working with the Association of Directors of Adult Social Services and other regional Local Authorities to provide feedback on the proposed new national measures. This is being considered nationally and we are awaiting the outcome of this consultation.

Appendix 3

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**

Progress on the Channel Shift and feedback systems is being made as detailed below and this will provide significant insight to aid understanding of the resident experience and will inform the Customer Experience Strategy to be developed in 2022.

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 new complaints and feedback system is now being finalised with the supplier and is expected to go live with the first department (Children's Services) in November 2021. Place will follow shortly after with Adult Social Care to be looked at in the first half of 2022 (including some system integration) and Commissioning, Communities and Policy also in 2022.

Developed our understanding of the resident experience when interacting with the Council, using that insight to improve our approach

Rating: Good **Expected completion date: 31 Dec 2022**

Focus groups have been held in August and September 2021 with a range of residents to understand the customer experience when using the website and to shape the experience when using the new Channel Shift Customer Relationship Management (CRM) system. Once the CRM system is live more analysis of the resident experience will be available through derived data.

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 and involve the investment of time, hard work and goodwill from participating councils and their leaders, executive officers and lead officers. Quarter 2 has been a critical stage for the development of Vision Derbyshire, outlining the programme of work and securing buy in and involvement of Councils in the future approach.

Since July significant progress has been made on building the foundations of the future approach through implementing Phase 3a plans. This has involved the finalising of new formal governance arrangements, the Vision Derbyshire Joint Committee, alongside identifying and securing resources for the creation of dedicated joint programme support. Progress has also been made on building Phase 4 programme delivery plans and broadening involvement in those plans through engagement with elected members and leadership teams.

Whilst significant progress has been made on the development of the approach to date, it has become increasingly apparent that the ability to accelerate delivery is currently limited due to the lack of capacity. This is particularly the case at a project and programme delivery level.

Securing Council sign up to the approach is currently taking place, with the drafting and development of a template report supporting participating councils to formally commit to the approach moving forward. Derbyshire Dales and Derbyshire County Council have commitment to the approach in Quarter 2 and it is expected that other Councils will formally sign-up to Phase 4 in Quarter 3.

A key principle of Vison Derbyshire has been to put in place arrangements and a model which positions Derbyshire at the forefront of any national developments, including securing a potential devolution deal and maximising additional resources into the county. The progress made on Vision Derbyshire has supported the Council to engage in discussions with central government and other key stakeholders on 'County Deals' which has emerged as a significant opportunity for Derbyshire to support identified ambitions and priorities. These opportunities have placed additional emphasis on Vision Derbyshire as a potential model for a County Deal.

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 national landscape on Devolution has recently shifted, with a move away from 'Devolution and Local Recovery' to 'Levelling Up'. Recent announcements by the Prime Minister and ministers about plans for the Levelling Up agenda have moved towards the creation of County Deals and this presents significant opportunities for Derbyshire.

Based on existing deals, a devolution deal for the Derbyshire could incorporate significant investment in infrastructure, skills, transport and housing. Such investment would be of vital importance in enabling the local and regional economy to recover from the pandemic for the benefit of local people.

Officers, since the announcement in July, have been working on the potential route to securing a County Deal for Derbyshire through becoming a pilot area. The Council has submitted a formal expression of interest requesting that Derbyshire be considered as a potential County Deal pilot area and officers have met with senior civil servants to discuss the proposals.

This has required a significant amount of work to progress, mobilising resources at short notice to draft plans and liaise and shape proposals with Derbyshire councils, including Derby City and neighbouring authorities.

Developed a medium and long-term organisational recovery and renewal strategy to address the challenges and opportunities presented by Covid-19

Rating: Action (Review in Q1) **Expected completion date: 30 Sep 2021**

Due to the continued Covid-19 response extending into 2021, the commencement of this activity was delayed, and progress has been challenging. The aim is to conclude this work by the end of Quarter 3. The current activity is focused around developing a draft Recovery Strategy using the Economic Development recovery Strategy as the platform to build outwards from there. The aim is to identify new and better ways of working for improved common outcomes. There is considerable opportunity for improved connectivity across the Council to join up the recovery activity, particularly around employment and skills.

Identified and implemented a programme of strategic transformation as part of Phase 2 of the Enterprising Council Strategy

Rating: Review (Good in Q1) **Expected completion date: 31 Dec 2021**

The Enterprising Council programme covers the key workstreams of Strategic Transformation and the establishment of a corporate Programme Management Office; Modern Ways of Working; Workforce Leadership and Behaviours; Demand Management; Organisational Recovery and Renewal Strategy. The programme continues to progress on each of the workstreams as follows with more details for some areas detailed in the report below:

- the establishment of the Programme Management Office continues to progress with the detailed operating model and governance arrangement developed that will provide assurance of the major programmes taking place across the Council;
- the Modern Ways of Working programme is delivering phase 1 of the activity that includes the depersonalisation and clearance of County Hall and the reopening of the wider estate;
- the People Strategy has been agreed by Cabinet;
- progress on Demand Management has been more difficult due to the role of key staff in the ongoing Covid-19 response. The approach is now to embed Demand Management within the development of the new corporate Programme Management Office to ensure that demand is a key consideration of the project commissioning cycle.

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 development of the detailed approach to the design and implementation of the new Programme Management Office (PMO) has progressed during this quarter. A report setting out the progress with recommendations and proposals for the next phase of the work has been completed. This sets out the model for the corporate PMO and cross Council business change capability, including the governance arrangements for the existing major programmes via a Portfolio Assurance Board. The next phase of the work will include the review of the portfolio, to ensure it is delivered in a coordinated and consistent way, and the future prioritised pipeline of change to deliver improved outcomes and value for money.

Appendix 3

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 make good progress over the last quarter. The short-term sprint to clear offices in County Hall is underway and on target to deliver the objectives in the revised timetable. There will be a phased return to County Hall and the reopening of the wider estate in Quarter 3. Proposals are now being developed about the approach scoping for the longer-term programme, with a timeline now in place for this activity. The programme aims to build on the significant shift in working practices that has taken place in the pandemic, including the rapid adoption of new technology, greater home working and more flexible agile working practices.

Developed and approved the Council's People Strategy and associated people priorities, encompassing the council's people vision, employee values and behaviours

Rating: Good **Completed: 30 Sep 2021**

The new People Strategy was approved by Cabinet in July 2021. The 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. Departmental people plans are in development with drafts to be completed by end November 2021, aligned to the People Strategy communications plan.

Implemented the Wellbeing Action Plan to support employee wellbeing, reduce sickness absence and improve service delivery

Rating: Good **Expected completion date: 30 Apr 2022**

Work is ongoing to collate all the existing Council Health Safety and Wellbeing policy and guidance and to begin to rationalise this into a one Council format. A risk based inspection programme for Council premises has been developed and implemented and work to establish a risk profiling methodology has commenced. The processes for Incident, claims and Lifting Operations and Liting Equipment Regulations (LOLER) management has been revised and a new streamlined procedure has been put in place. Regular meetings between safety managers and HR business Partners have been established to better understand and support departmental needs. Work has been undertaken on updating the Council's Health and Safety Policy and a number of specialist Occupational Health contracts have been re-procured.

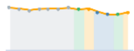
4.6%

Employee sickness absence (Council, not including schools)

31 AUG 21

2020-2021	4.1%
2021-2022	**4.6%**

9.4



Days lost per appointment to sickness

30 SEP 21

2019-2020	10.4
2020-2021	8.7
2021-2022	**9.4**
Target	9.0
Performance	(Good in Q1)

Appendix 3

The latest figures for absence show an increase in both measures. Days lost per appointment up to September 2021 was 9.4, above the target of 9. The percentage of employees sickness has risen from 4.1% at the 2020-21 year end to 4.6% for the current year up to end August 2021. Causes of sickness are being analysed and monitored to help provide support and identify preventative actions.

Carried out reviews of Human Resources and Finance functions to further improve these services and make savings

Rating: Strong **Completed: 30 Sep 2021**

The revised operating model for finance was implemented on 5 July 2021 as planned following the formal consultation period. The revised model will focus on the delivery of a business partnering approach and will follow the ethos of "standardise, simplify and share" to enhance our systems and processes to unlock efficiency in our workflows and workstreams.

The review of Human resources has been completed with Health, Safety & Wellbeing implemented on 6 April and Recruitment, HR Business Support and Learning and Development was implemented on 6 September 2021. The resulting savings were in excess of target.

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**

2019-2020	£2,898,546
2020-2021	£3,961,593
2021-2022	**£1,000,000**
Target	£500,000
Performance	(Good in Q1)

Specialists resource has been appointed to work two days a week from 11 October 2021. A full Programme Governance Group has been established and meets monthly. Finance Business Partners for all service areas have been briefed on the intention to identify all property budgets and costs and centralise them. The programme is linking in with the Asset Rationalisation Programme and the asset review processes are all now working effectively, asset plans are being produced on a priority based rolling programme, performance benchmarking and asset challenge procedures have been agreed and are being applied. The first bundle of asset plans resulted in a recommendation of disposal for 20 of the assets. There has been £1m of capital receipt generation to date this year. There is an anticipated £3.5m of capital receipt generation expected by March 2022.

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

Rating: Good (Strong in Q1) **Expected completion date: 31 Mar 2022**

The Council provided representation to the Comprehensive Spending Review 2021 on 30 September 2021, setting out the financial challenges faced by the Council. The submission highlighted the challenges faced including social care, climate change, levelling-up and local government funding. It included a request for a multi-year financial settlement to support medium-term financial planning.

Appendix 3

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 2 position shows a projected achievement of savings of £11.228m. Whilst this is a slight improvement on the Quarter 1 position, it is 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.

11.228

Projected achievement of budget savings

30 SEP 21

2019-2020	£11.006m
2020-2021	£12.359m
2021-2022	**£11.228m**
Target	£26.059m
Performance	

Demonstrated value for money through excellent procurement and contract management

Rating: Good **Expected completion date: 31 Mar 2022**

The Quarter 2 Value for Money (VfM) Board took place on the 8 September 2021 and reviewed the Place - Hollis Lane Project. This review is still on going with a further meeting scheduled in October. The Board also received an update on proposals on how we can further achieve and demonstrate total value delivery through procurement. The proposal is to bring on board an organisation who will help create practical ways to capture and measure VfM in a tangible and consistent manner. 12 pilot projects have been identified and progress will be reported via the VfM Board.

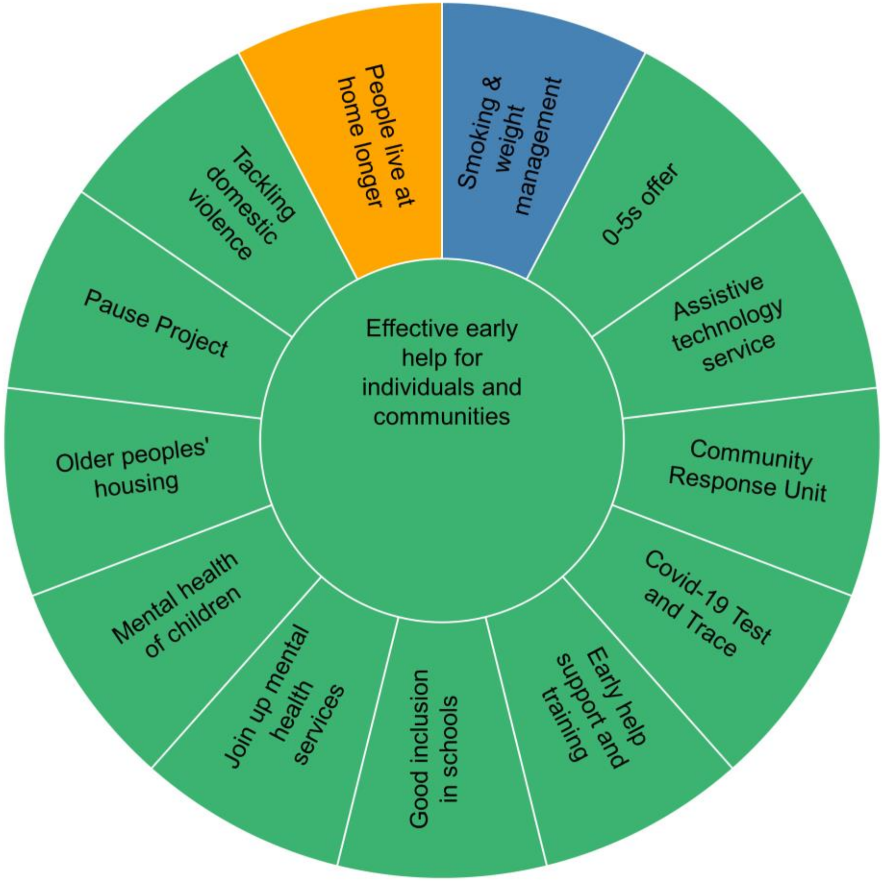
Appendix 3

Effective early help for individuals and communities

Overview

This priority shows overall “Good” progress for deliverables and a “Good” rating based on 7 rated measures.

Deliverable Progress



Key Measures

Appendix 3

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 **Original completion date: 30 Sep 2021** **Expected completion date: 31 Mar 2022**

During Quarter 2 the Community Response Service (CRU) has received 315 incoming calls, the increase is due to transport queries, which was newly introduced in Quarter 1. Most calls relate to general queries about Covid-19, self-isolating, test & trace and latest isolation guidance. A very small number of calls for help with food, prescriptions, finance, emotional support remain.

The CRU Survey has been completed and consideration of the results is underway. These will be shared with partners and reported during Quarter 3.

The Winter Pressures Professional Single Contact Point is planned to restart on the 1 October 2021.

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**

Quarter 2 has seen significant changes in the national Covid-19 policy framework that have been reflected in the local response to Covid-19. In July, the final stage of the national roadmap, lifting most of the previous restrictions was introduced; in August significant changes were made to the rules for self-isolation for contacts of Covid-19 cases; amended Operating Guidance for schools and other educational establishments was published in August; changes were made to the delivery of Community Testing programmes; and the national Autumn/Winter Plan was published in September.

There have been 38,807 Covid-19 cases in Derbyshire in Quarter 2, an increase from 4,049 cases in Quarter 1. Quarter 2 has therefore remained exceptionally busy for the Outbreak Response Team in Public Health. The contact tracing team have completed 5,935 calls, an increase from 2,598 in Quarter 1. 425 text messages or follow up calls have been given to individuals declaring a need for self-isolation support from the local authority. Derbyshire County Council are the first point of contact for a number of priority areas across Derbyshire (aligned with the enhanced vaccination plans) and retain responsibility for contact all positive cases in the rest of Derbyshire if the national team have been unsuccessful.

There have been 210 incidents or outbreaks in education settings and 42 in workplaces and other settings that have been managed by the Council. Support including detailed risk assessments, and individual queries, including from parents, have been given to all education settings. Changes in guidance and self isolation in August has led to revision of previous communication and clarification for education settings on the new measures. The start of the new school year has seen a significant increase in cases among school-aged children. In addition, there have been 59 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.

Preventative work has been conducted with workplaces around testing and Covid-19 measures. Targeted engagement work alongside NHS partners has supported several large workplaces to promote the uptake of the Covid-19 vaccination for workers who had not undertaken the offer of a vaccine.

Appendix 3

Work around event guidance and support has been provided to over 20 large events and numerous smaller scale ones, including investigating any links following events. We have supported a number of events from simple enquiries through to attendance at meetings. A number of these events have had additional support from district and borough environmental health officers and also when events are council run they are providing internal scrutiny. There is also the wider work for ongoing events in hospitality venues.

In Quarter 2 3,519 lateral flow tests for Covid-19 have been conducted through the Council's Community Testing Service for Derbyshire residents. This is a reduction in the number of tests completed in Quarter 1 and is as a result of a required change in the community testing model as proscribed by Government. Community testing is now operated through a network of mobile testing locations that vans visit on a regular basis, as opposed to fixed-site testing centres as used previously.

Appendix 3

Increased the number of people taking part in stop smoking and weight management programmes

Rating: Strong (Good in Q1) **Expected completion date: 31 Mar 2022**

Stop smoking service projected figures for Quarter 2 are 611 quit dates set and 397 (forecast) quits based on a 65% quit rate. The number of people setting a quit date in Quarter 2 is higher than figure of 515 for Quarter 2 in 2020-21. To date 285 participants have achieved a 4 Week Quit (figures taken as at 4 October). Champix, a drug used to help people stop smoking, is still not available which could effect quit dates set and quit rate. In Quarter 1, 513 people achieved a 4 Week Quit against a target of 300.

For weight management services, 477 people started the programme in Quarter 2 and the projected figures for Quarter 2 are that 286 will complete the programme, 215 will lose weight with 86 achieving a 5% weight loss.

The stop smoking and weight management service continue to be delivered virtually and via telephone due to the impact of Covid-19.

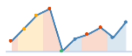
854

Number participants who stop smoking for 4 weeks

30 SEP 21

2019-2020	1,158
2020-2021	1,554
2021-2022	**854**
Target	600
Performance	

160

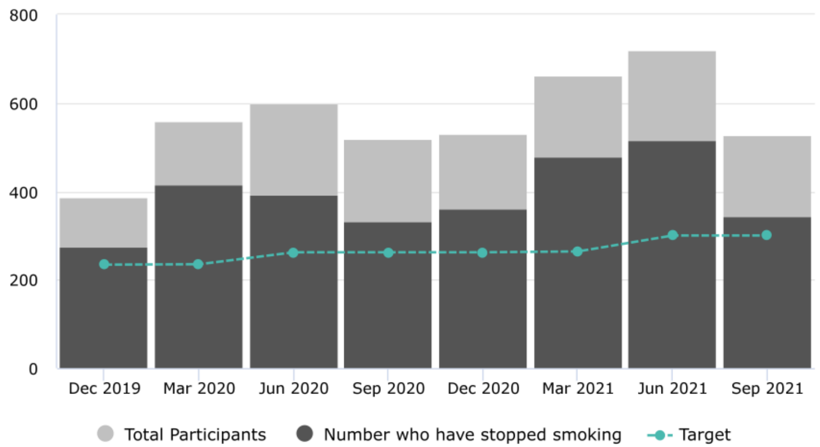


Participants who achieve 5% weight loss (projected)

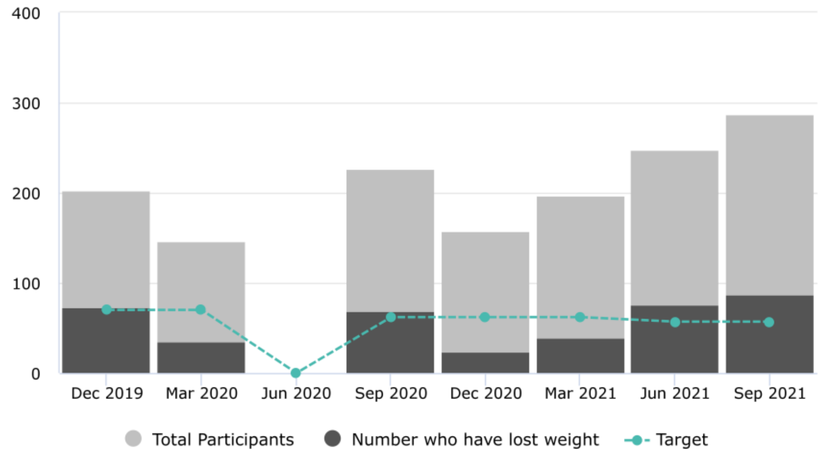
30 SEP 21

2019-2020	232
2020-2021	129
2021-2022	**160**
Target	114
Performance	

Number of participants who stop smoking



Number of participants who lose weight



Appendix 3

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**

The Wellbeing for Education Return project is now completed having delivered mental health training to 218 staff from education settings across Derbyshire including from 123 state-funded primary schools and 11 secondary schools. In May, the Council received further funding from the Department for Education (Wellbeing for Education Recovery) to provide ongoing support and advice to education setting across Derbyshire. The proposal is to employ two additional assistant educational psychologists to support children and young people, who are currently on part time timetables, to improve their attendance.

Additionally, mental health training commissioned by Derbyshire Public Health includes a range of several different mental health related training courses of different types and levels which are offered on an ongoing rolling programme basis. This training offer also acts as an excellent conduit for starting conversations and embedding mental health with cross-sector organisations including education settings. The training is free to Derbyshire County education settings (staff and volunteers) who regularly access the same. The offer reflects a whole-school approach to prevention and support which reinforces mental health is everyone's business.

Of particular interest to education settings are Adult Mental Health First Aid training and Youth Mental Health First Aid training. A full list of mental health courses and a description can be found on the Council's Mental health training webpage including details of how to book. The adult course teaches individuals how to identify, understand and help someone who may be experiencing a mental health issue. The youth course teaches the skills and confidence to help spot the signs of mental health issues in a young person (aged 8 to 18), offer first aid and guide them towards the support they need.

Derbyshire education settings can also sign-up to receive a free electronic newsletter from Derbyshire Public Health titled the 'Derbyshire Mental Health Network Newsletter'. Included in the Newsletter are details of training, events, resources, campaigns and other 'practical' mental health news of interest. News includes examples of work happening in Derbyshire as well as national campaigns.

Worked with partners to join up existing mental health services to promote positive mental wellbeing and improve support for local people

Rating: Good **Original completion date: 30 Sep 2021** **Expected completion date: 31 Mar 2022**

Countywide promotion around World Suicide Prevention Day in early September, included a press release promoting local support and a presence at a series of football matches across the county. 57 volunteers directly engaged around 7,000 fans, handing out around 5,750 suicide prevention leaflets and broad promotion on social media. Other activity undertaken includes the further development of the countywide website, launch of some specialist mental health training targeted at hairdressers and barbers and successful recruitment of a Public Health Wellbeing Counsellor who will work to support voluntary sector organisations with mental health and wellbeing.

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 is meeting on a bi-monthly basis to provide oversight to the Section 75 Partnership Agreement between 0-19 Public Health Nursing and Children's Services. The main priorities continue to focus on the changes to vision and hearing screening and the communications activity associated with these changes, as well as increasing both number and quality of early health assessments completed by the health visiting service into early help. The four outcomes expected from the partnership working with Children's Centres include maintaining a breastfeeding friendly environment around all of the children centres, provision of groups targeted to families in need, to deliver parenting programmes and to develop a public health champion in each locality.

91.2%

Pregnant women receiving an antenatal contact

30 JUN 21

2020-2021	93.5%
2021-2022	**91.2%**
Target	93.0%
Performance	

99.2%

Infants receiving a new baby review between 10-14 days

30 JUN 21

2020-2021	96.9%
2021-2022	**99.2%**
Target	94.0%
Performance	

In response to all the above, Children's Services have continued to maintain the breastfeeding friendly environments audits of Children's Centres. Targeted groups support around child development and school readiness is available in all Children Centres. Parental training programmes are delivered virtually and there is a Public Health champion linked to this work. Broader performance measures across the 0-19 Public Health Nursing contract remain good or strong, with 99.2% of infants receiving a new baby review and 91.2% of pregnant women receiving an antenatal contact.

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**

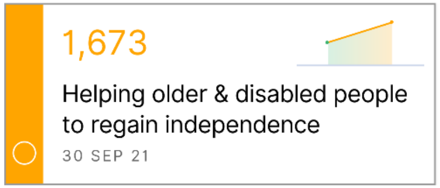
The Adult Social Care Strategic Accommodation Group is overseeing the strategy implementation programme, this includes: identifying and prioritising the need and demand for accommodation by locality, and joint working between Adult Social Care and Property Services; a Development Pipeline spreadsheet has been created to track the various approaches and offers to the Council from potential developers, and work is also taking place to produce interactive maps to show where there is existing provision and local demand.

The development of a full Older People's Market Position Statement is underway, this will include updating the population information and other relevant data. This will also be used to refresh the Older People's Housing, Accommodation and Support Strategy. Sortified was awarded the contract to undertake extensive engagement with the residents of Derbyshire to gather data, intelligence and insight that will tell us how people want to live their best lives now, and in the future. A communication plan has been developed, and fortnightly update reporting will be provided to the Council.

Appendix 3

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: Review (Good in Q1) **Expected completion date: 31 Mar 2023**



2021-2022	1,673
Target	1,794
Performance	(Good in Q1)

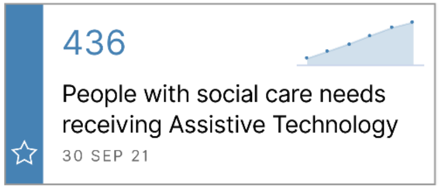
2020-2021	956
2021-2022	**257**
Target	233
Performance	

The Better Lives programme work has continued in Quarter 2. Adult Social Care is seeing an increase in demand to support people leaving hospitals and this combined with a shortage of homecare availability within the private, voluntary and independent (PVI) sector is impacting on performance targets in this area. Whilst the short term service continues to support a significantly higher proportion of local people compared to prior to the Better Lives programme, service capacity is being used to support people who have finished their reablement journey but require long term community support from the PVI homecare sector. Admissions into residential care are increasing as short term services are not available to support people to return or remain at home. To the end of June there have been 257 admissions to residential care, against a target of 233. This shortage of homecare is not unique to Derbyshire and is a national issue. An Adult Social Care action plan has been drawn together and wider system work is under way to seek mitigations.

The reablement service, which helps older and disabled people to regain their independence, over the first six months has supported 1673 people against a target of 1794 people.

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**



2021-2022	436
Target	300
Performance	

The Brain in Hand (BiH) 12 month pilot is progressing well. BiH provides digital self management technology, which, combined with human support, helps people live more independently. The business case for a further 12 month extension of BiH has been developed and will be sent for approval.

Feedback about the Canary kit used to monitor peoples' daily living activities and support independence has been obtained from the Prevention and Personalisation colleagues who carry out assessments and this will be shared in the practice bulletin to help promote the utilisation of the kit. The business cases for the further extension of the Assistive Technology contract is in development. The Assistive Technology Board continues to meet on a monthly basis to progress priorities of the service both current and future.

436 new people have been referred for some level of Assistive Technology equipment so far this year, reducing the need for formal support and promoting independence in their own homes. The target for the first six months was 300.

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 statutory deadline for completing needs assessments and publishing a draft Domestic Abuse Strategy is 26 October 2021. A further deadline of 5 January 2022 is in place for the publication of a final strategy. These timescales are challenging, but work is currently on-going with partners to ensure the deadlines are met.

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 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 are due to complete the programme this month and 2 women have already 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 participants. 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.

Undertaken an evaluation of the early help support and training offered to partner agencies, and developed measures to monitor the effectiveness of early interventions for children and families

Rating: Good **Expected completion date: 31 Mar 2022**

A proposal to undertake an evaluation of the Transition Team (a key element of the Early Help support structure) is currently being progressed and once agreed would take place between October and December this year. The evaluation will ensure there is wide engagement across partner agencies through for example focus groups and questionnaires to ascertain the achievements of the service, support and training to partners and outcomes for children and families. The evaluation will directly inform future service delivery.

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**

Partners across education, health, social care, parents, carers and young people have contributed to the co-production of a graduated response document which makes clear the expectations on settings regarding universal, targeted and specialist support available to them. This covers early years, school age and post 16. This is currently at the design phase but is slightly delayed and due to be launched late autumn. The delay is due to capacity of partners to review the papers which has now been completed.

Partners across education, health, social care, parents, carers and young people have contributed to the co-production of a Derbyshire promise which provisions and services can sign up to evidence commitment to co-production. This is currently going through governance.

Derbyshire Parent Carer Forum and Derbyshire Information and Advice Support Service have been proactively involved in and led on a number of surveys to gather views regarding education which help to shape the approaches taken in all work across special educational needs and disability (SEND). These have previously been related to the Covid pandemic but are more recently connected to inclusive school environments for young people with autism, SEND transport and inclusive mainstream schooling.

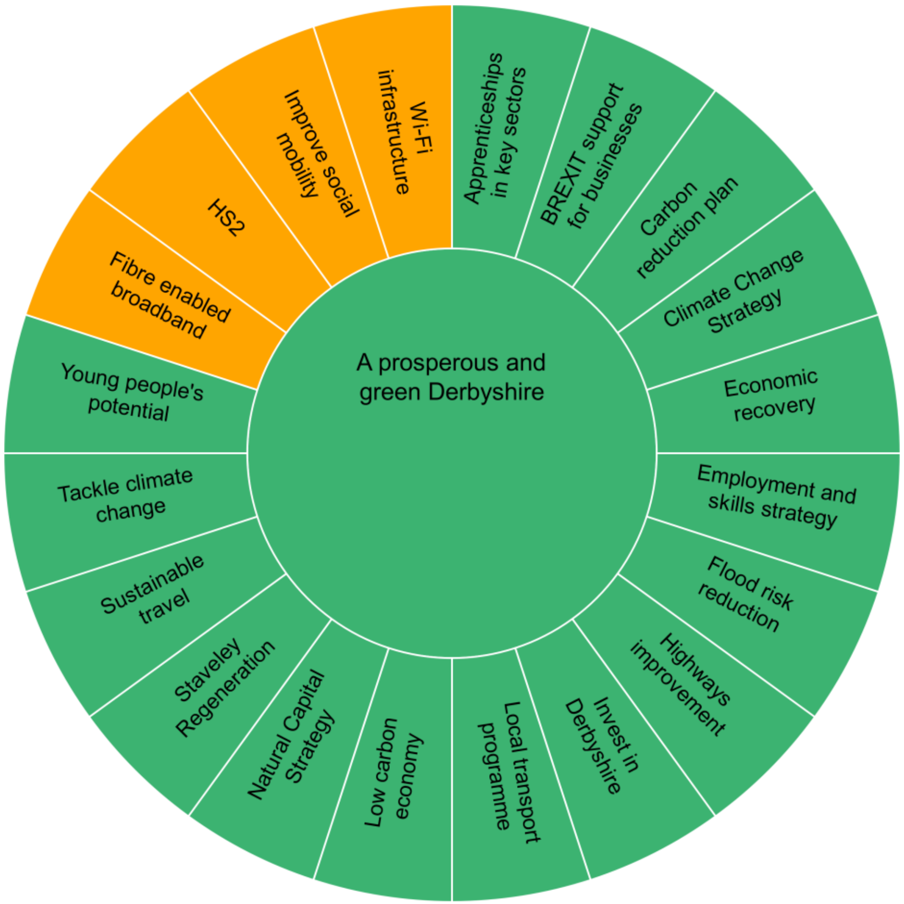
Appendix 3

A prosperous and green Derbyshire

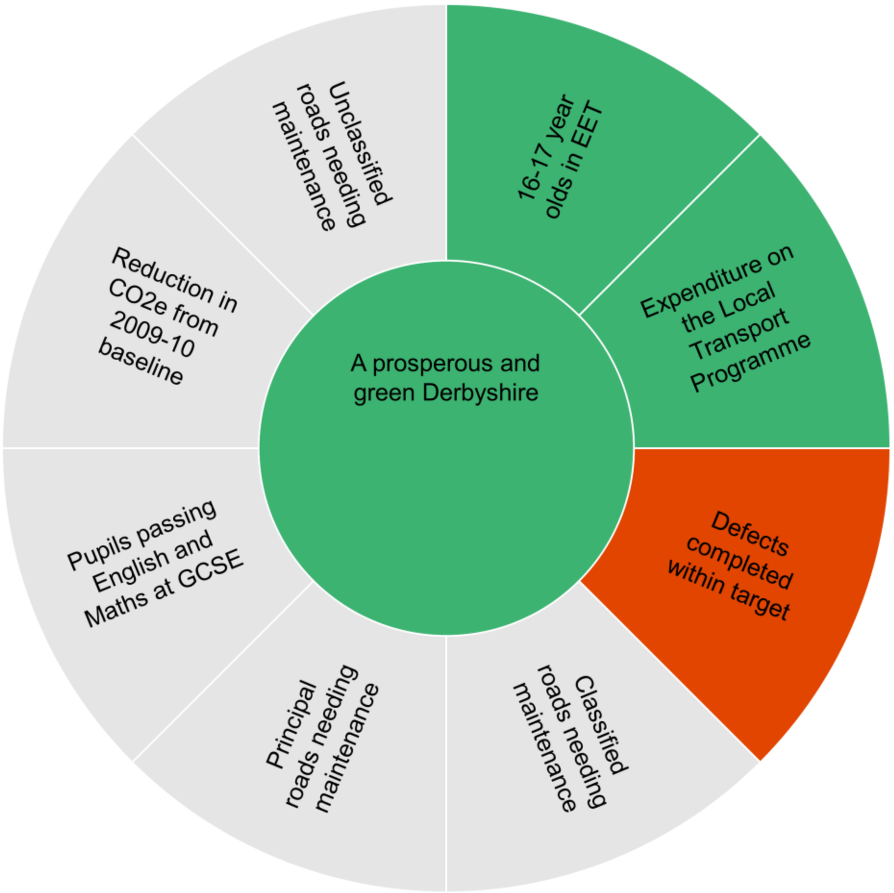
Overview

This priority shows overall “Good” progress for deliverables and a “Good” rating based on 3 rated measures.

Deliverable Progress



Key Measures



Appendix 3

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: Good (Review in Q1)   Expected completion date: 31 Mar 2022

Quarter 1 figures have been revised up from previous report due to the inclusion of the transfer of streetlighting to low energy Light Emitting Diodes and the Challenge Fund projects giving a total spend of £7,845,065.

Quarter 2 has seen delivery of the substantial surface treatment programme across the county with the actual surfacing now complete although the ancillary lining and road stud work continues. The resurfacing programme has seen a few sites deferred due to developments or clashes with other works but is now progressing well with all the highest profile sites either complete or finishing soon. The Quarter 2 spend of £13,121,518 is not quite as much as the £15m hoped for previously primarily due to the resurfacing sites that have had to be deferred.

£2m of road safety projects have been identified within the Highways Capital Programme. Additionally, £16m of carriageway resurfacing and surface treatment projects are being delivered to reduce the numbers of defects on the network and help prevent future ones from occurring during the winter months. To date over 250 roads have either been surface dressed or resurfaced this financial year.

Overall spend for 2021-22 at Quarter 2 is approximately £21m.

Results of the next Annual Engineering Inspection survey of the highway condition will be available in December 2021 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.

A total of 3,969 defects were fixed in Quarter 2 with 81% of defects being completed within target, still below the 90% target. This is split between the different priorities with 95% of urgent defects started within target, 84% completed within the 32 hour target, 59% within the 9 day target and 79% within the 28 day target. This is an improvement on the Quarter 1 performance of 70% of defects completed within target and means that for the year as a whole 73% of defects have been completed within target.

£20,966,583

Expenditure on the Local Transport Programme
30 SEP 21

2021-2022	**20,966,583**
Target	20,000,000
Performance	

17.0%

Principal roads needing maintenance
31 DEC 20

2019-2020	13.0%
2020-2021	17.0%
Target 20-21	13.0%
2021-2022	Due in Q3
Target 21-22	13.0%

17.0%

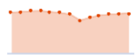
Classified roads needing maintenance
31 DEC 20

2019-2020	23.0%
2020-2021	17.0%
Target 20-21	23.0%
2021-2022	Due in Q3
Target 21-22	23.0%

27.0%

Unclassified roads needing maintenance
31 DEC 20

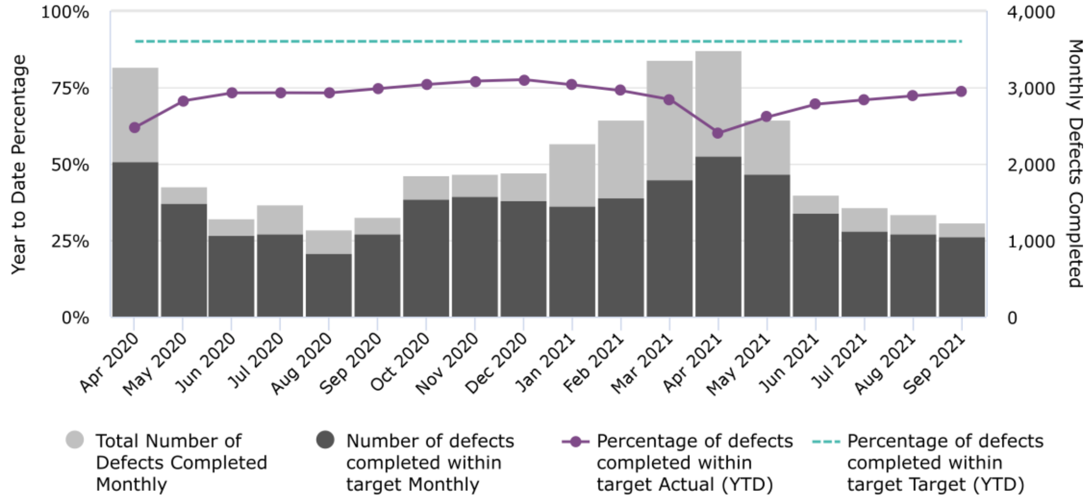
2020-2021	27.0%
Target 20-21	31.0%
2021-2022	Due in Q3
Target 21-22	31.0%

73.5%

Defects completed within target
30 SEP 21

2019-2020	77.2%
2020-2021	71.0%
2021-2022	**73.5%**
Target	90.0%
Performance	(Review in Q1)

Appendix 3

Defects completed within target



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 is progressing well and remains on track for completion in Quarter 3, despite the main construction contractor going into administration over the latter weeks of September. A new buyer has been found for the construction company and work will recommence very shortly to complete the road (4 weeks construction remaining). The completion of the infrastructure scheme will enable a private contractor to then develop the land for housing and employment. Ashbourne Airfield Link Road is also progressing well on site and is due for completion before the end of Quarter 3. Work on the Hollis Lane Link Road Phase 1 is currently being carried out by Chesterfield Borough Council, preparing a site for a displaced business. Once this is complete and the business relocated, highway construction is programmed to begin in Quarter 1 2022.

Appendix 3

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 **Original completion date: 30 Sep 2021** **Expected completion date: 31 Dec 2021**

With the delay to the publication of the Integrated Rail Plan, which outlines what aspects of the HS2 proposal is proposed for Government funding, the Council will be preparing a county wide response during Quarter 3.

Completed the viability assessment to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area

Rating: Good **Completed: 30 Sep 2021**

The viability assessment is now complete and work is continuing with the preparation of an Outline Business Case as part of the next stage. It is anticipated that the Outline Business Case will be completed in Quarter 4.

Appendix 3

Reduced carbon emissions from Council property and vehicles, street lighting and procurement

Rating: Good **Expected completion date: 31 Mar 2032**

63.2%

Reduction in CO_2e from 2009-10 baseline

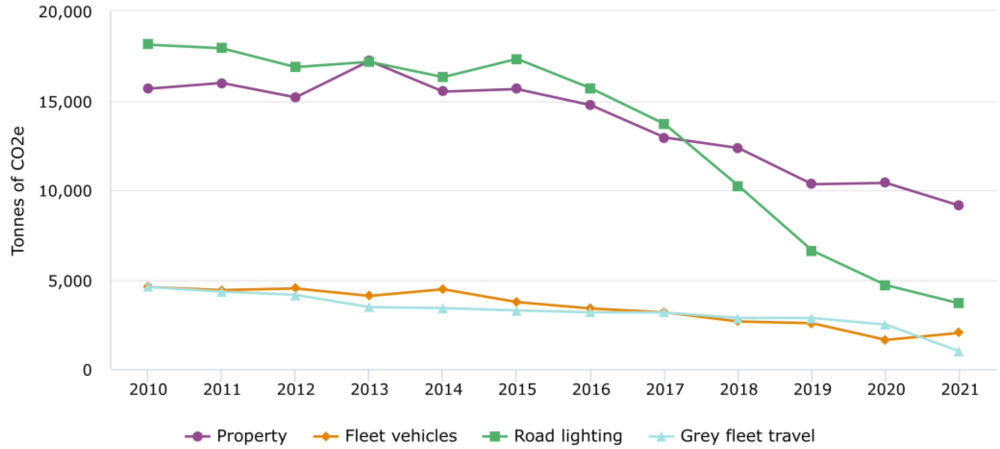
31 MAR 21

2018-2019	47.9%
2019-2020	55.3%
2020-2021	63.2%
Target 21-22	63.0%

Provisional data for Council emissions for 2020-21 are now available with total emissions of 15,807 tonnes CO_2e. This is a reduction of 63% from the baseline in 2009-10 against a target of 55%. The total is made up from 9,126 tonnes from property energy, 3,667 tonnes from streetlighting electricity usage, 2,025 tonnes from fleet vehicle mileage and 989 tonnes from grey fleet mileage where officers use their own vehicle for work purposes. There are likely to be some fluctuations in the emissions over the next couple of years as the pandemic has resulted in untypical working practices. However, the target for 2021-22 has been raised to 63% reduction against the baseline year 2009-10 which should be achievable.

In the wider context of all sources of emissions Procurement continue to pursue a more sustainable approach to procurement and are developing a Sustainable Procurement Policy; seeking support for a Single Use Plastic Policy from Cabinet and seeking support to enter a contract with The Social Value Portal.

Breakdown of CO_2e emissions by main sources



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 Flood Risk Team continues to manage the Property Flood Resilience Grant Scheme, and a number of claims have already been settled in Quarter 2. In partnership with the Environment Agency, a successful funding bid has been made to deliver Property Flood Resilience measures to 66 properties in the Bakewell and Ambergate areas.

Appendix 3

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 Climate Change Strategy and Action Plan is now complete and will be presented to Cabinet in October. Theme Leads have been established to co-ordinate the delivery of actions from the Strategy across all departments which will report to the Climate Change and Environment Programme Board. Work to develop a co-ordinated climate change programme of action across the county is continuing through Vision Derbyshire along with the Derby and Derbyshire Local Authority Energy Action Group which is focusing specifically on county-wide energy projects. Consultants have been appointed to deliver the Natural Capital Strategy. £37,500 has been secured from Midlands Energy Hub and D2N2 (the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire) to produce a Renewable Energy Planning Study for the county. A further £12,500 is being sought to complete the match funding.

Developed and agreed the Council's approach to Good Growth to maximise low carbon economic opportunities

Rating: Good **Expected completion date: 31 Mar 2022**

A range of 'good growth' activity is being undertaken to maximise low carbon opportunities within the Derbyshire economy, This includes the £2m Green Entrepreneur Fund which is providing grants to businesses to help them de-carbonise and develop green technologies and supporting a scholarship fund. Good progress is being made across all 3 separate funding strands with: 15 Expression of Interest (EOI) applications being received for the Small Grant Scheme, 4 of which have been approved. 11 of these projects have been referred to the Low Carbon Business Network and Decarbonisation programme and Growth Hub. 7 EOIs have been approved for the Demonstrator strand, 1 of which has been approved. 5 EOIs have been received for the Scholarship Fund, 4 of which have been approved. Other 'good growth' activities are being progressed through continued implementation of the Covid recovery strategy and include: a market town renewal programme (submitted to the Community Renewal Fund for funding); development of a low carbon transport programme (electric vehicle charging, hydrogen infrastructure, e-bikes etc) and digital connectivity.

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**

Environment Systems have been contracted and are currently working on the natural capital baseline and are progressing with setting up a project steering group. The project steering group will include representatives from Derbyshire County Council, Derby City Council, Peak District National Park Authority and Natural England. It is envisaged that the contract will take 12 months to deliver with a completion date of August 2022. A separate stakeholder group is also being established that will include engagement with local planning authorities.

Appendix 3

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 has been completed with good level of interest to provide further publicly accessible electric vehicle charging points with over 20 Expressions of Interest (EOIs) received. All those submitting an EOI will be asked to submit a full business case setting out robust costings and timelines. This is expected to go out during the week commencing 11 October 2021 with the final report detailing the findings expected by year end/early 2022. A procurement exercise will follow, based on the findings of the report.

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**

Tranche 2 work of the Active Travel Fund continues with the report to Cabinet due on 14 October 2021. The Tranche 3 application has been submitted, concentrating on the White Peak Loop (Buxton area) leisure route and Little Eaton Branch Line multi user route, an announcement from Government is expected later this year.

Confirmation has been received that the Council has been successful in its application to the Department for Transport (DfT) for its Capability Fund. A total of £238k has been awarded to undertake a series of feasibility studies targeting cycling and walking initiatives across the county, with work now underway.

A report detailing the findings of a feasibility study assessing the viability of Buxton and Hope as potential transport hub locations has been received confirming both as viable. This work has now been extended to include other market towns across the county and forms part of the overall Bus Service Improvement Plan(BSIP) and wider approach to supporting 'good growth'. The BSIP is due to be approved by Cabinet on 14 October 2021 in time for the deadline for submission to DfT by 31 October 2021.

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: Good (Strong in Q1) **Expected completion date: 31 Mar 2022**

As part of the Business Start-up Programme new business advisers started in their positions in July. Since the launch of the scheme in August, 210 clients have already registered as part of the business start-up programme, confirming high levels of demand. The Green Entrepreneur Programme is progressing well, an update of which has been provided as part of the separate deliverable relating to good growth to maximise low carbon business. The second board meeting for the Green Entrepreneur Programme took place in September where numerous projects were approved for funding.

Appendix 3

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**

Progress continues to be made in delivering the Council's Employment and Skills Recovery Action Plan, albeit more slowly over the summer months due to limited access to training providers such as colleges. Announcements on the Community Renewal Fund have been delayed by Government and this is impacting on delivery of some of the Recovery priorities as partners are waiting for funding. The Festival of Business was launched in September to around 125 people at a face to face event in Derby, with information being supplied to over 1000 invitees.

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: Review (Good in Q1) **Expected completion date: 31 Mar 2022**

The Council has submitted a bid into the Community Renewal Fund to support development and roll out of Wi-Fi in six market towns as part of a wider renewal programme (Chapel-en-le-Frith, Whaley Bridge, New Mills, Wirksworth, Belper and Ashbourne). The government was expected to announce the outcome of the application in July but confirmation as to whether the bid has been successful is still awaited. We remain hopeful of seeking alternative funding to implement Wi-Fi infrastructure in the other identified town centres.

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 completed delivery to 200 of the 300 additional premises agreed under Contract 2. The Department for Digital, Culture, Media and Sport (DCMS) have completed their assurance process of the associated change request and approved the additional delivery. Openreach will fully complete this delivery (thereby concluding our Superfast Contract 2) by the end of October 2021. DCMS experienced further delays with the Gigabit Voucher scheme registration process. This is now resolved. However this delay and the introduction of further assurance checks for suppliers (leading to longer registration timescales) has resulted in their being no Top Up voucher activity to report for Quarter 2. There are currently 5 community schemes awaiting approval and registration with DCMS and there are further schemes in the qualification pipeline with Openreach.

Appendix 3

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**

Through the Business, Economy and Place workstream and partnership work with the Chamber of Commerce, direct support has a been provided to businesses to help with compliance and new opportunities emerging from the UK leaving the European Union. The Chamber of Commerce has taken on additional staff to deal with increases in demand. The full impacts of Brexit supply chains and labour availability are only now starting to emerge and have been conflated with the impacts of Covid-19 to date. More detailed analysis is being undertaken across economic partners to fully understand the dynamics.

Trading Standards have continued to provide both bespoke advice, and generic signposting advice, where appropriate. Trading Standards have re-established direct inspections and interventions with businesses, within food, animal feed and product safety sectors, and are using those face-to-face contacts to consolidate EU Exit requirements and guidance.

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**

The European Social Fund funded programme, led by Marketing Derby, is meeting all planned performance and budget deliverables. As part of the project a prospectus for the county is being produced as well as the production of promotional films to promote the investment opportunities.

Worked with partners to develop a county wide approach to improve social mobility, targeting underperforming areas across the county

Rating: Review (Good in Q1) **Expected completion date: 31 Mar 2022**

Social mobility is one of the key priority areas of work to be taken forward under Vision Derbyshire. Phase 4 proposals, which include the development of thematic programmes under four key ambitions areas is currently underway. The development and implementation of proposals to improve social mobility is a key area of focus for the Achieving Relentless Ambition theme and whilst progress to identify key activity is taking place, the development of a new approach will be reliant on additional capacity through the programme team which will be put in place over the next quarter.

Appendix 3

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**

Children and young people have returned to full-time education in September and the lifting of restrictions should ensure greater continuity of education. However, headteachers are still reporting pupil and staff absences due to testing positive for Covid-19. Headteachers have welcomed the greater flexibility in using the School-Led tutoring programme.

Under School-Led Tutoring, all eligible state-funded schools and academy trusts are given a ring-fenced grant to fund locally sourced tutoring provision for disadvantaged pupils. This could include using existing staff such as teachers and teaching assistants or external tutoring resources such as private tutors or returning teachers. The grant gives schools and academy trusts the flexibility to use tutors with whom they are familiar. Funding is allocated for around 60% of pupils eligible for pupil premium per school. 75% of the cost is subsidised in academic year 2021-22. Schools and academy trusts will need to fund the remaining 25% through other budgets, for example recovery premium or pupil premium. The subsidy rate for 2022-23 will be 60% and for 2023-24 will be 25%.

The Education Improvement Service is also facilitating the implementation of a phonics programme for a small number of schools. This programme is likely to grow in future years when the capacity for delivery in schools grows. The launch event of this programme took place on 4 October 2021.

Four key measures have been identified to measure the impact of this levelling-up activity. These are a reduction in the attainment gap between the percentage of Derbyshire pupils achieving the expected standard in phonics and the average nationally, a reduction in the attainment gap between the percentage of Derbyshire pupils achieving the expected standard in reading at Key Stage 2 and the average nationally, a reduction in the attainment gap between disadvantaged and non-disadvantaged pupils achieving the expected standard in phonics in Derbyshire and a reduction in the attainment gap between disadvantaged pupils in Derbyshire and other pupils achieving a standard pass (grade 4-9) In English and Maths at GCSE. This data is published annually and will be reported when available.

72.2%

Pupils achieving a standard pass in English and Maths at GCSE

31 AUG 20

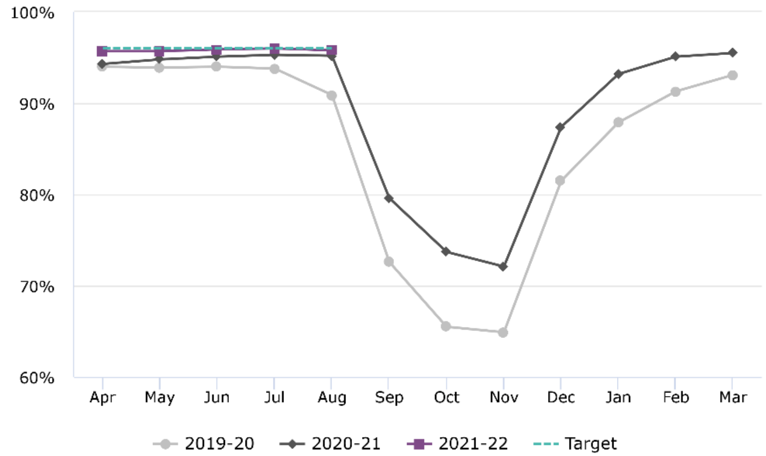
2019-2020	65.4%
2020-2021	72.2%
2021-2022	Due in Q3
Target 21-22	65.9%
National Benchmark	65.9%

95.8%

16-17 year olds in education, employment or training

31 AUG 21

2019-2020	93.1%
2020-2021	95.5%
2021-2022	**95.8%**
Target	96.0%
Performance	✓



The data for pupils achieving a standard pass in English and Maths, which was due during Quarter 2, is expected to be published in November.

Appendix 3

The August figure for 16-17 year olds in employment of 95.8% is in line with the year end target of 96% but the figure will drop for September and throughout Quarter 2 due to the impact of pupils leaving school.

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, 143 apprentices from 83 different employers across Derbyshire have been supported via the transfer of Apprenticeship Levy. The total value of funds committed to support this is £1,014,851.

Appendix 3

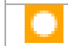
Notes

This report set out progress on deliverables and key measures as outlined in the Council Plan 2021-25. The following table lists the measures not included in this report, or where changes have been made:

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
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"
Early help assessments completed within 45 days, Social work assessments completed within 45 days and Initial child protection conferences within 15 days	These measures have been added to the deliverable "Provided consistent, high quality early help and safeguarding services for children and families across Derbyshire"

Appendix 3

Key

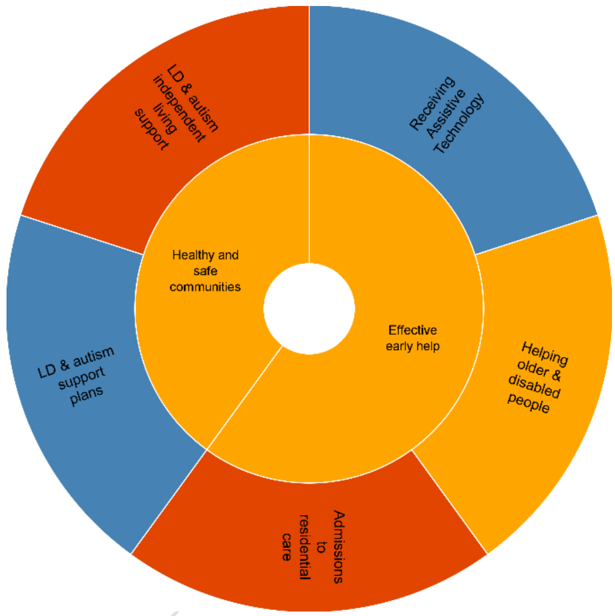
	Deliverables	Measures
	Strong – performing strongly	Strong – more than 5% better than target (2% better than target if the target is greater than 95%).
	Good – performing well	Good
	Review – will be kept under review to ensure performance is brought back on track	Review – more than 2% worse than target.
	Action – additional action will be/is being taken to bring performance back on track	Action – more than 10% worse than target.
	No commentary has been received	Data not available/Target not set.

Appendix 4

Adult Care - Portfolio Summary

Deliverable Progress

Key Measures Against Target



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

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:

- Performance targets have been established for Assistive Technology and support for older people and disabled people to remain living within their own homes.
- The central hub of practitioners continues to work alongside people with a learning disability and / or who are autistic to ensure an outcome focused plan is in place; over 330 people now have a plan in place.

Key areas for consideration are:

- Whilst the number of people with a learning disability and / or are autistic who are supported to move to a more independent setting remains behind target, progress is still being made, the lifting of the national restrictions has enabled eleven people to move this period the highest number so far.

Appendix 4

Key areas to note are:

- Adult Social Care is seeing an increase in demand to support people leaving hospital and this combined with the shortage of available homecare in the private, voluntary and independent sector is impacting on performance. The shortage of homecare is not unique to Derbyshire and is a national issue. An Adult Social Care plan has been drawn together and wider system work is under way to seek mitigations.

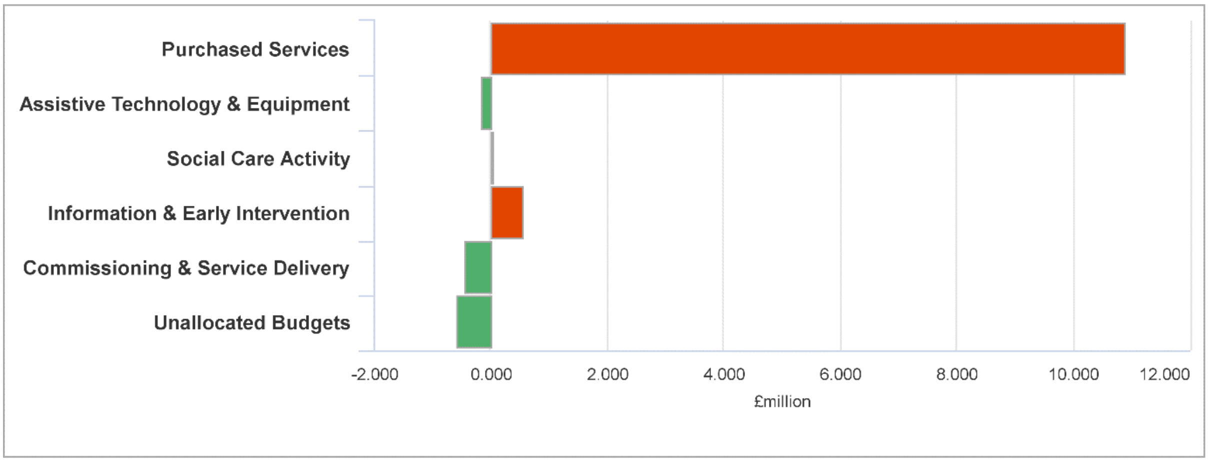
There is a forecast overspend of £6.262m on the portfolio after the allocation of £4.058m of funding from DLUHC Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target Budget

- Purchased Services, £10.885m overspend – due to an increase in the number of placements with the independent sector. This has resulted in a high level of voids (low occupancy) being carried within the Council's in-house service provision and consequently in double running costs.
- Information and Early Intervention, £0.567m overspend – due to Covid-19 related expenditure.
- Unallocated Budgets, £0.588m underspend – amounts which have not yet been allocated to services. Held as contingency.
- Commissioning and Service Delivery, £0.428m underspend – the budget for apprentices is underspent due to a substantial decrease in the number of apprentices over the last two years.

Appendix 4

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, £6.057m is expected to be achieved by the end of the financial year. Therefore, there is currently a £3.278m 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.
- Independent Sector Fee Increases - £4.113m, to meet the increase in independent sector care-home and home-care fees.
- 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. This funding has been returned to the Risk Management budget.

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

Key areas of success are:

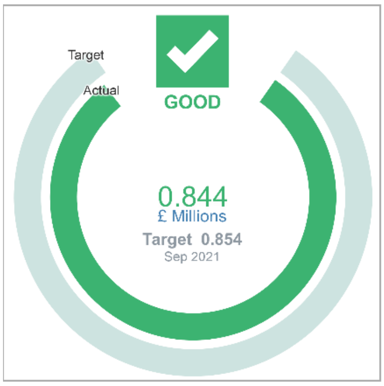
- To date 143 apprentices from 83 different employers across Derbyshire have been supported via the transfer of Apprenticeship Levy.
- The Council has continued to provide both bespoke advice and generic signposting advice to businesses following Brexit, helping them to maximise new opportunities and ensure compliance.
- Since August 2021 210 new business start-up clients are being supported by new business advisers through the Economic Recovery Business Start-up Programme.
- Under the Employment and Skills Recovery plan, The Festival of Business event was a success and attended by 125 businesses.
- The "Invest in Derbyshire" plan is meeting all planned performance and budget deliverables. As part of the project a prospectus for the county and promotional films are being produced to promote the investment opportunities.
- Good progress is being made across all three separate strands of the Green Entrepreneur Fund, to maximise low carbon opportunities, with projects that have been approved now progressing.

Appendix 5

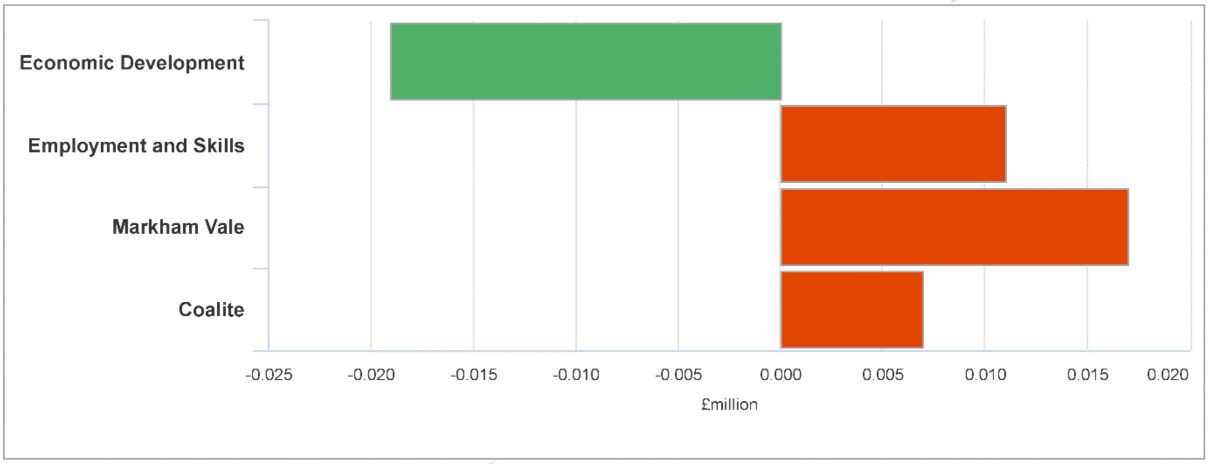
There is a forecast underspend of £0.010m on the portfolio after the allocation of £0.026m of funding from DLUHC Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme.

There were no significant variances within this portfolio.

Forecast Outturn against Target Budget



Forecast Under (-)/Over Spend by Service Line



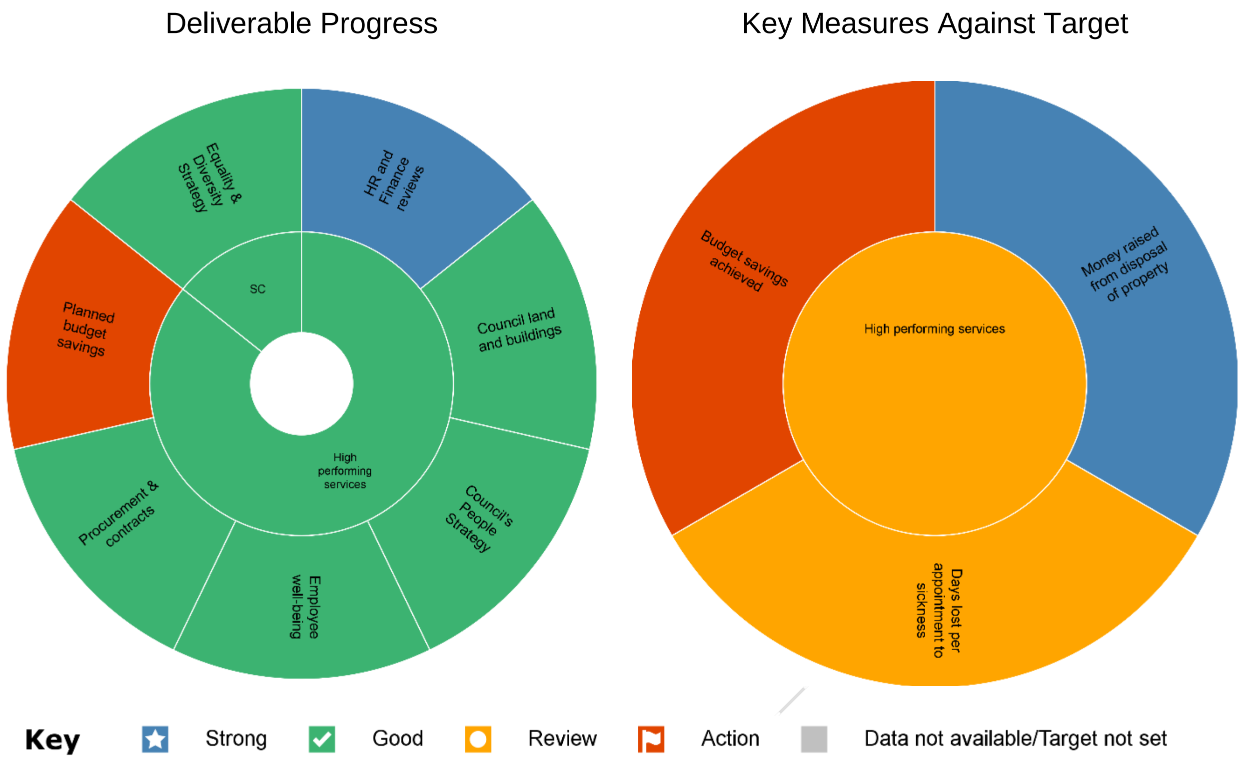
The budget savings target for 2021-22 is £0.330m. All of this target is expected to be achieved by the end of the financial year.

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



Progress is "Good" or "Strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- The reviews of Human Resources and Finance functions have both been completed and have delivered on the expected savings.
- The programme to centralise property assets is progressing well with an earlier than expected sale resulting in the Quarter 2 target for monies received being exceeded.
- The new People Strategy has been approved with departmental plans now in development.

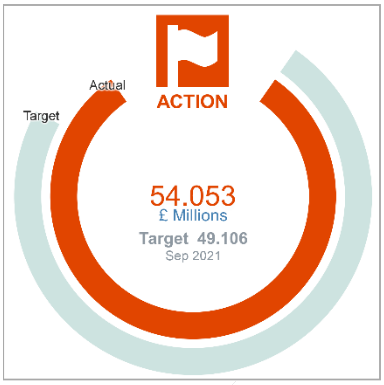
Key areas for consideration are:

- Quarter 2 figures for projected Council budget savings are £14.831m 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.
- Sickness absence show an increasing trend so far this year. Causes of sickness absence are being analysed and monitored to help provide support and identify preventative actions.

Appendix 6

There is a forecast overspend of £4.947m on the portfolio after the allocation of £1.071m of funding from DLUHC 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

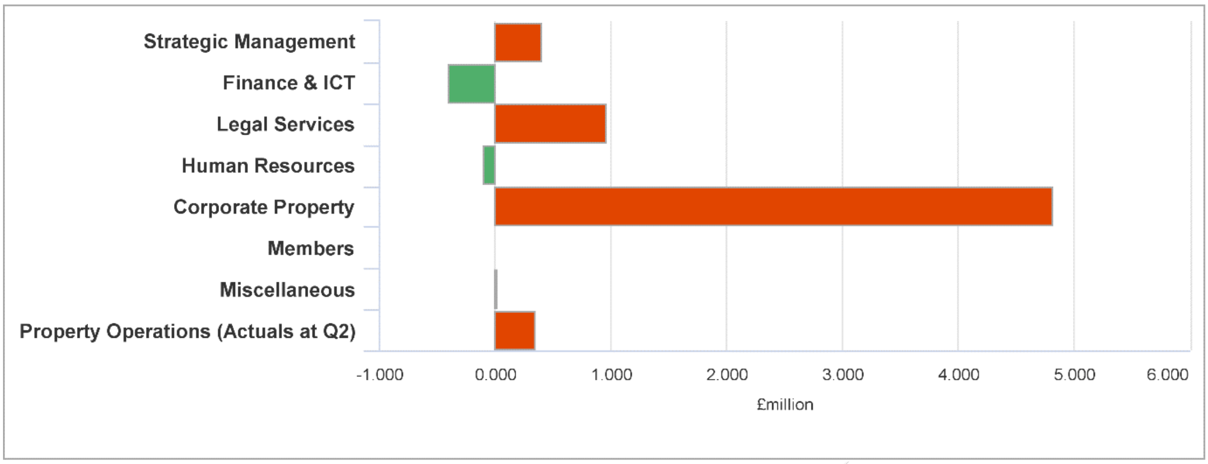


- Corporate Property, £4.810m overspend – mainly due to £2.512m of savings targets which are not expected to be achieved this year. It is hoped that these savings can be delivered in a future year through use of PSP Derbyshire LLP. Industrial Development is £0.481m overspent as units cannot achieve 100% 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 £0.305m overspend on County Buildings due to the running costs of buildings that are awaiting disposal or repurpose.
- Legal Services, £0.960m 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. The new operating model was implemented in October 2021. Work is ongoing to update forecasts for the impact of the change. Other contributing factors include salary overspends relating to the Childcare and Environmental/Commercial teams, agency payments and one-off payment of allowances. Also, a savings target in Democratic Services has yet to be identified and savings due to be achieved through additional income from an increase in fees and charges are expected to be less than anticipated.
- Finance and ICT, £0.399m underspend - due to vacancies following completion of phase 2 of a planned restructure of the ICT function. This forecast is based on vacant positions being recruited to over the next two months.
- Strategic Management, £0.397m overspend - due to an unallocated savings target for Channel Shift. Savings from the programme will be allocated to departments as the benefits are realised from individual schemes.
- Property Operations, £0.336m overspend - due to an under recovery of overheads on the DSO trading accounts because of a downturn in the pipeline of construction works and costs following the externalisation of the grounds’ maintenance and cleaning and caretaking services.

Appendix 6

✅ Human Resources, £0.104m underspend - due to vacancies following completion of phase 2 of a planned restructure.

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:

- Consistent, high quality early help and safeguarding services for children and families – the Council continues to see positive impact from the changes implemented across early help and safeguarding services with improving practice consistency and solid performance across a range of performance measures. The Council's strengthened case audit processes, Reflective Case Reviews, are demonstrating greater consistency in practice and improvements in delivery of services in children's social care.
- Implement recommendations from our children's services evaluation to reduce demand, improve outcomes for children, young people and families and reduce expenditure – good progress is being made by all six of the workstreams of our Achieving Great Futures (AGF) programme. 'Implementation Phase' will start between November 2021 and February 2022, and will conclude in the late summer 2022. A Benefits Monitoring Board has been set up to review the progress of the Key Performance Indicators of the programme and ensure the change in outcomes and financial savings are on track to be achieved. Currently two previous measures are tracked from the earlier diagnostic work but

these will be aligned with AGF key measures and targets from Quarter 3.

- Provide training to all schools and education providers to support the emotional wellbeing and mental health of children following the coronavirus pandemic - the Wellbeing for Education Return project is now completed having delivered mental health training to 218 staff from education settings across Derbyshire including from 123 state-funded primary schools and eleven secondary schools. In May 2021, the Council received further funding from the Department for Education (Wellbeing for Education Recovery) to provide ongoing support and advice to education setting across Derbyshire. The proposal is to employ two additional assistant educational psychologists to support children and young people, who are currently on part time timetables, to improve their attendance.

Key areas for consideration are:

- The number of approved fostering households – remains below target this quarter. Whilst there are currently 19 mainstream fostering assessments in progress and a further seven due to start, there is some risk to achieving the outcome of 350 fostering households by the end of 2021-22 due to the number of foster families leaving the service for a variety of reasons including retirement and the impact of the pandemic on family life. Phase 1 of the Fostering Service Modernisation Programme is in progress and involves targeted intervention through the Achieving Great Futures Sufficiency Workstream to improve recruitment and retention, as well as the utilisation of foster placements.

Key areas to note are:

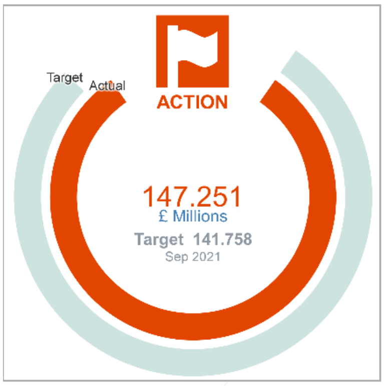
- School inspections were suspended at the end of March 2020 due to Covid-19. Graded Ofsted school inspections resumed again from 4 May 2021. However, the small number of inspections this quarter has limited any opportunity for improvement of this measure. Ofsted has indicated that schools that were last inspected before the start of the pandemic may receive their first routine inspection up to six terms later than they would have previously. This now makes it more challenging to predict when a school may be inspected but it is anticipated that inspection activity will be more prevalent in 2022-23 rather than in 2021-22.

Appendix 7

The portfolio has a forecast overspend of £5.493m after the allocation of £4.645m of funding from DLUHC 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



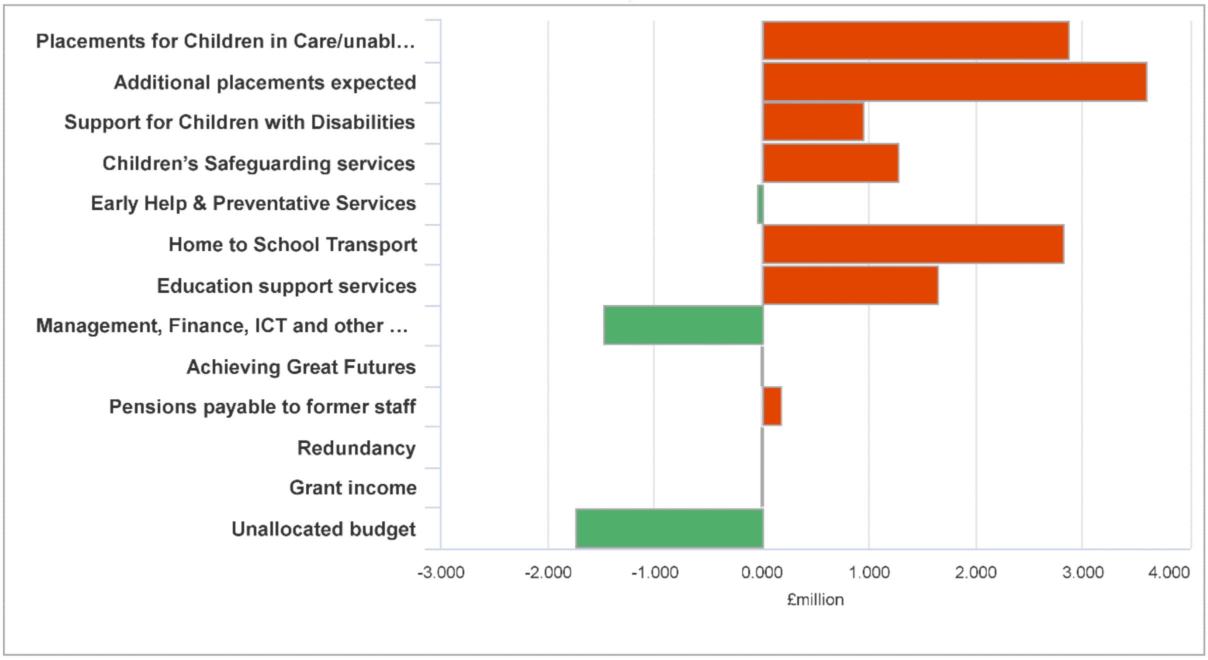
Before the allocation of the Covid-19 grant funding detailed above, the main variances are:

- Placements for Children in Care (or unable to remain at home), £6.479m 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, £2.822m 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.
- Unallocated Budget, £1.740m 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.
- Education Support Services, £1.650m 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 have been included in a claim for funding under the Sales, Fees and Charges compensation scheme.

- Management, ICT, Business services and other support services, £1.473m underspend – temporary vacancies within Business Services.
- Children's Safeguarding Services, £1.285m 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.
- Support for Children with Disabilities, £0.955m overspend – the need to provide high cost packages to support children with complex needs to remain with their families or maintain their current placement.
- Pensions Payable to Former Teachers and Other Staff, £0.189m 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.

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, £0.927m is expected to be achieved by the end of the financial year. Therefore, there is currently a £1.123m forecast shortfall in achievement of budget savings.

Appendix 7

Additional funding has been provided in the 2021-22 budget for the main growth items:

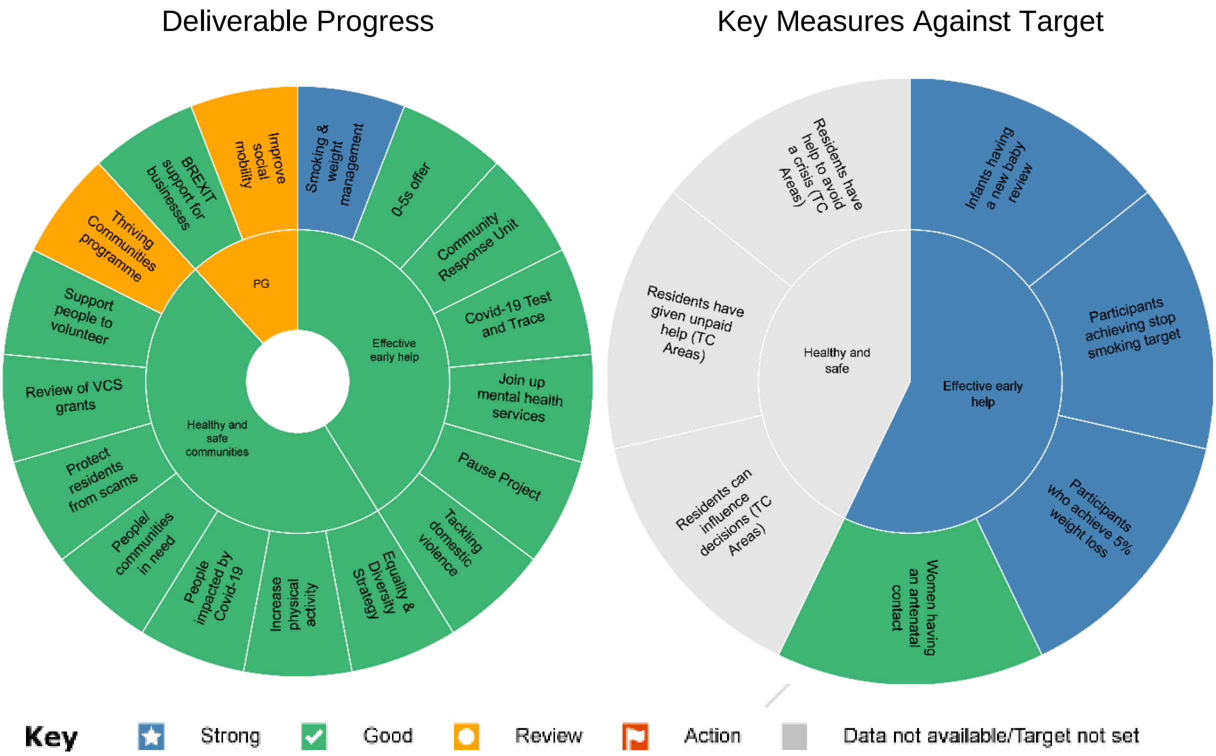
- Placement Demand Pressures - £5.400m, to support the increase in the demand for placements and the increasing complexity of children and young peoples' needs. This is consistent with increases in demand experienced nationally.
- Social Worker Recruitment - £1.300m, as part of a four-year recruitment 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



Progress is "Good" or “Strong” for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- In Quarter 2, Public Health received a 'Highly Commended' award at the MJ Awards 2021 for the work led by the department, with support from colleagues across the Council and wider partners to respond to the Covid-19 pandemic.
- The Active Derbyshire Network is developing a 10-year plan for Derbyshire and Nottinghamshire and funding has been secured for further Walk Derbyshire activity, which will increase the number of people taking part in walking activity across the county.
- The Community Response Unit is supporting individuals to access vaccinations for Covid-19 by providing practical support and this has been the focus of queries within Quarter 2. A survey of people who have accessed support from the CRU throughout the pandemic has been undertaken and the results are currently being analysed.
- There were 3265 awards from the Derbyshire Discretionary Fund in Quarter 2, of which 2664 were Emergency Cash Payments, 222 were the Exceptional Pressures Grant and 373 were Covid-19 Support Payments.

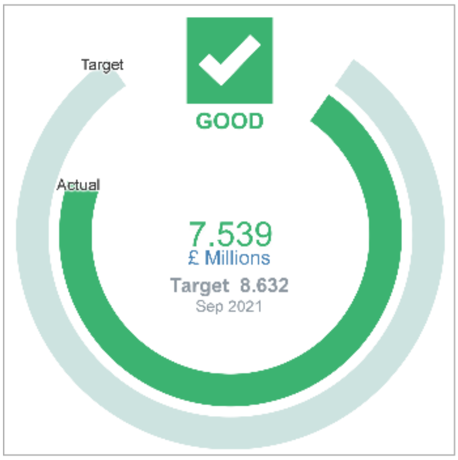
- Stop smoking service projected figures for Quarter 2 611 quit dates set and 397 (forecast) quits based on 65% quit rate (figures taken as at 04/10). The number of people setting a quit date in Quarter 2 (611 quit dates set) is higher than 2020-21 Quarter 2 (515 quit dates set).

Key areas of concern are:

- Public Health continues to provide support to those impacted by the pandemic alongside Local Resilience Forum partners in line with significant changes in the national policy framework. There have been 38,807 Covid-19 cases in Derbyshire in Quarter 2, an increase from 4,049 cases in Quarter 1 and therefore pressure on local services remains high. There have been 210 incidents or outbreaks in education settings and 42 in workplaces and other settings that have been managed by the Council.
- 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 8 communities within the programme timescale. Progress will be monitored and additional capacity may need to be considered as appropriate.
- Whilst progress to identify key activity to improve social mobility is taking place under Vision Derbyshire, the development of a new approach will be reliant on additional capacity through the programme team which will be put in place over the next quarter.

There is a forecast underspend of £1.093m on the portfolio after the allocation of £0.095m of funding from DLUHC 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:

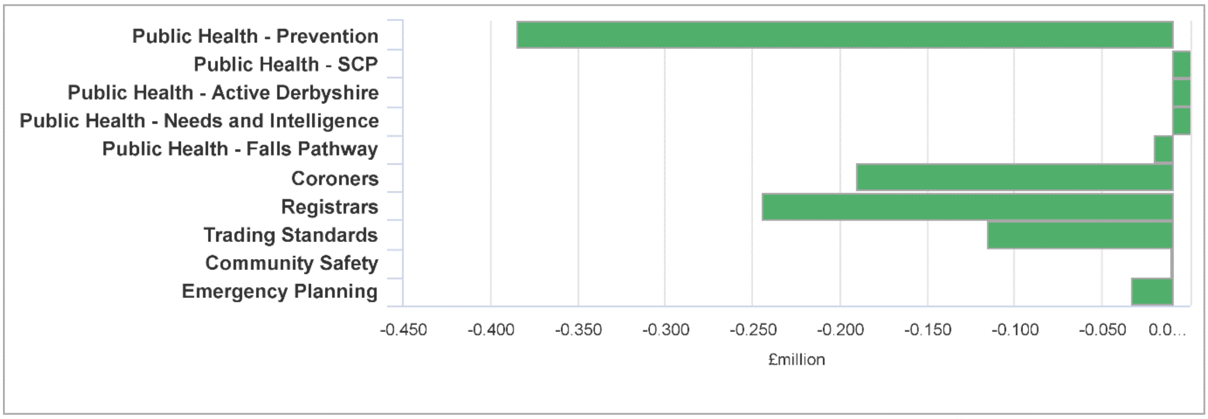
Forecast Actual Outturn against Target Budget



- ✅ Prevention, £0.385m underspend – additional contribution from Public Health Grant towards Covid-19 mitigation responsibilities.
- ✅ Registrars, £0.244m underspend – an increase in registration income following the easing of Covid-19 restrictions from events such as weddings which had been postponed.
- ✅ Coroners, £0.190m underspend – the basis of apportionment of Coroners' costs between the Council and Derby City Council has been renegotiated, which is expected to result in additional contributions from Derby City to the Council.

- Trading Standards, £0.116m underspend – due to vacancy control. This will assist in managing a planned restructure of the function.

Forecast Under (-)/Over Spend by Service Line



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.

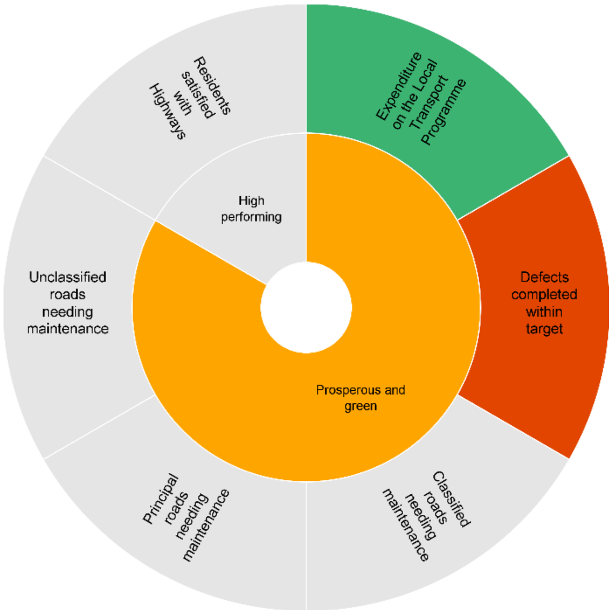
No additional funding has been provided to this portfolio in the 2021-22 budget for growth items.

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 all of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- The substantial highway surface treatment programme across the county is now complete, although the ancillary lining and road stud work continues.
- To date over 250 roads have either been surface dressed or resurfaced this financial year.
- Funding has been secured to deliver Property Flood Resilience measures to 66 properties in the Bakewell and Ambergate areas.
- Department for Transport funding has been secured to undertake a series of feasibility studies targeting cycling and walking initiatives across the county.

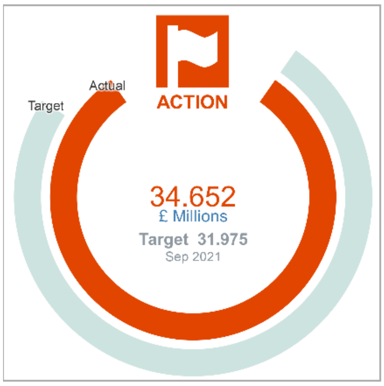
Key areas for consideration are:

- A total of 3,969 Highway defects were fixed in Quarter 2 with 81% of defects being completed within target, although still below the 90% target.
- Data is not available this quarter for some key measures as the data is reliant upon the publication of survey results in specific quarters by the Council's external partners.

Appendix 9

The portfolio has a forecast overspend of £2.677m after the allocation of £1.228m of funding from DLUHC 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:

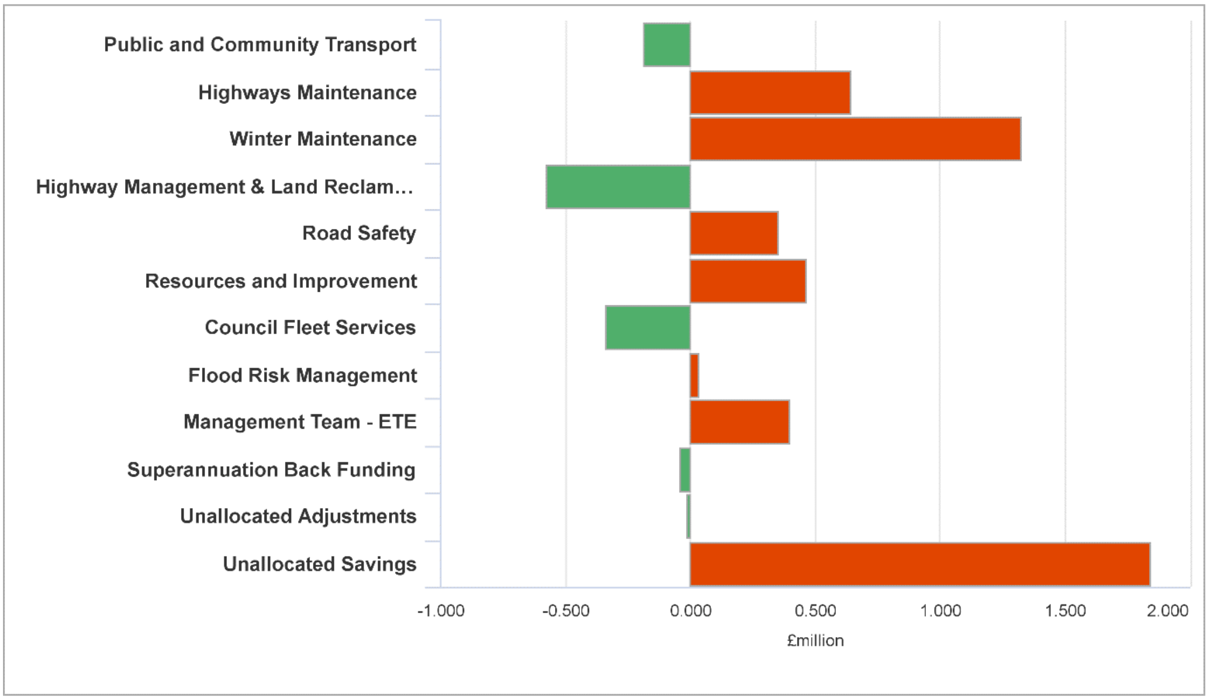
Forecast Outturn against Target Budget



- 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.
- Highways Maintenance, £0.641m overspend – due to Covid-19 related expenditure. This is partially offset by an underspend on Street Lighting energy resulting from the conversion to LEDs.
- Highway Management and Land Reclamation, £0.575m underspend – additional income relating to the New Roads and Street Works Act (NRSWA) following a backlog of invoicing from the previous financial year.
- Resources and Improvement, £0.463m overspend – staff savings targets allocated but not yet achieved.
- Management Team, £0.398 overspend – consultant fees for Capital programme manager and recruitment costs.
- Road Safety, £0.349m overspend – implementation of a savings initiative, based on additional income being generated, has been delayed as legislation has yet to be enacted.
- Council Fleet Services, £0.338m underspend – higher than budgeted income from vehicle maintenance.

Appendix 9

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

Deliverable Progress

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

Progress "Requires Review" for three of the five Council Plan deliverables led by the portfolio.

Key areas of success are:

- Environment Systems have been contracted to develop the Natural Capital Strategy and are currently working on the natural capital baseline. The strategy is to be completed by August 2022.
- The viability assessment for the Chesterfield to Staveley Regeneration Route is now complete with the Outline Business Case due for completion in Quarter 4.

Key areas for consideration are:

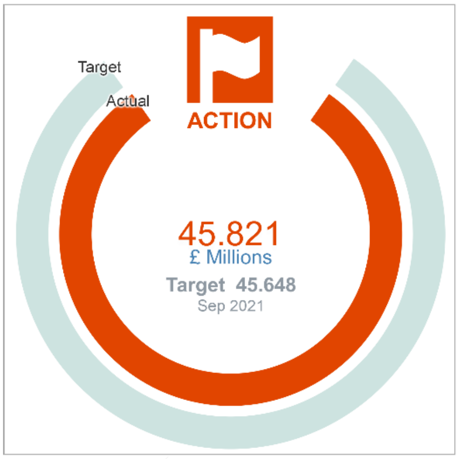
- The Council is awaiting the outcome of a bid into the Community Renewal Fund to support development and roll out of Wi-Fi in six market towns.
- With the delay to the publication of the Integrated Rail Plan, which outlines what aspects of the HS2 proposal is proposed for Government funding, the Council will be preparing a county wide response during Quarter 3.
- As a result of the DCMS delays with the Gigabit Voucher scheme registration process, for take up of fibre enabled broadband, there is no Top Up voucher activity to report for Quarter 2.

Appendix 10

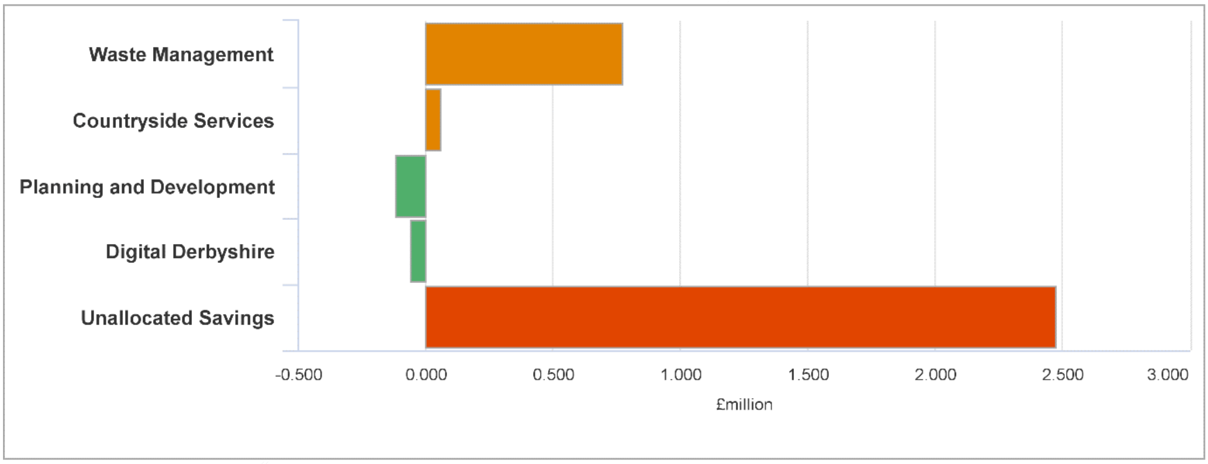
The portfolio has a forecast overspend of £0.173m after the allocation of £2.956m of funding from DLUHC Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of the Covid-19 grant funding detailed above, the main variances are:

- Unallocated Budget Savings, £2.472m overspend – savings targets not yet allocated to specific services.
- Waste Management, £0.772m overspend – an increase in household residual waste tonnages due to more people working from home as part of the Covid-19 response.

Forecast Outturn against Target Budget



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:

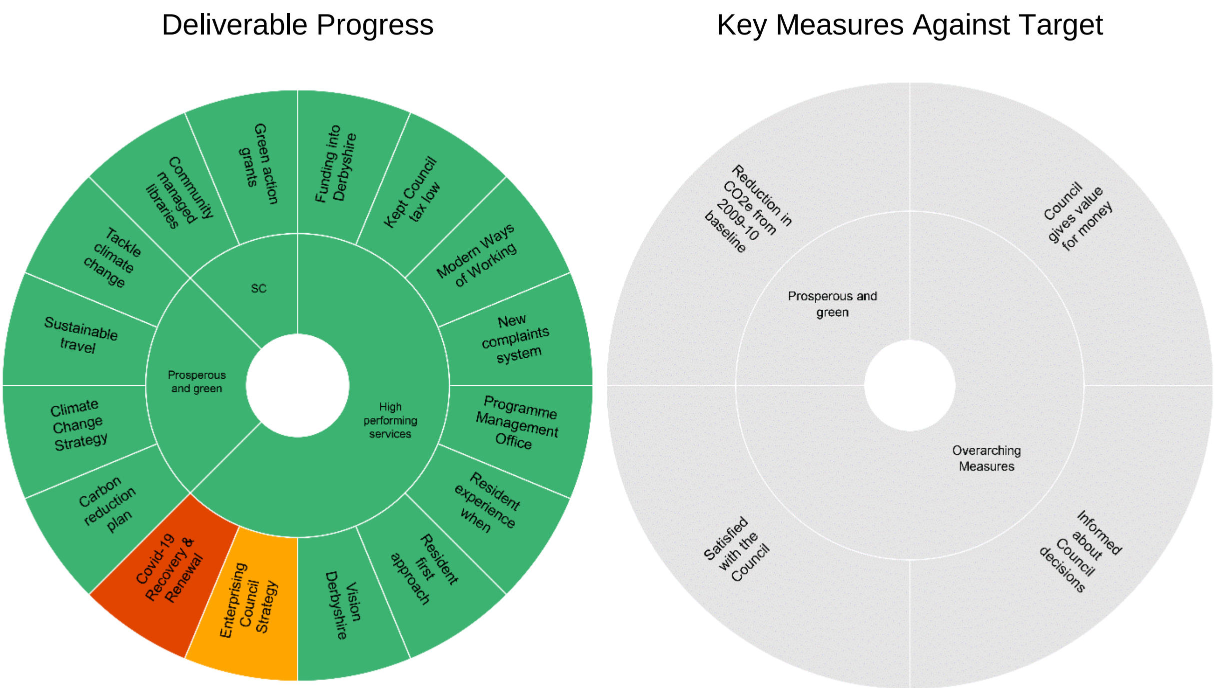
- Elvaston Castle Masterplan - £0.550m (one-off), the Masterplan, a programme of capital investment and income generation at Elvaston Castle, was approved by Cabinet on 20 December 2018.

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



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 initial 2020-21 figures for CO2e emissions show a reduction of 63.2% from the 2009-10 baseline.
- The Modern Ways of Working programme is progressing with the clearing of offices at County Hall.
- Woodville Library has now transferred to Community Management with Expressions of interest received for three other Libraries.

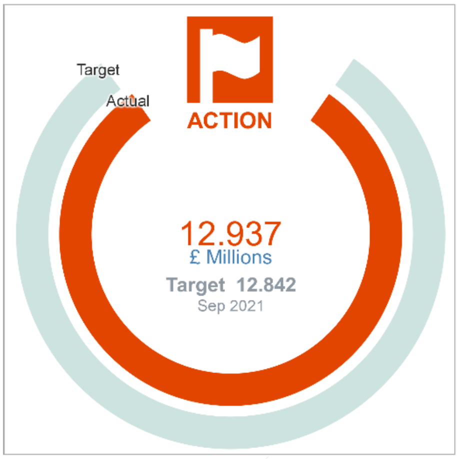
Key areas for consideration are:

- The medium and long term organisational strategy has been re-scheduled for completion by December 2021 due to delays caused by Covid-19.
- The Enterprising Council Strategy has been delayed but is progressing and is expected to be complete this year.

Appendix 11

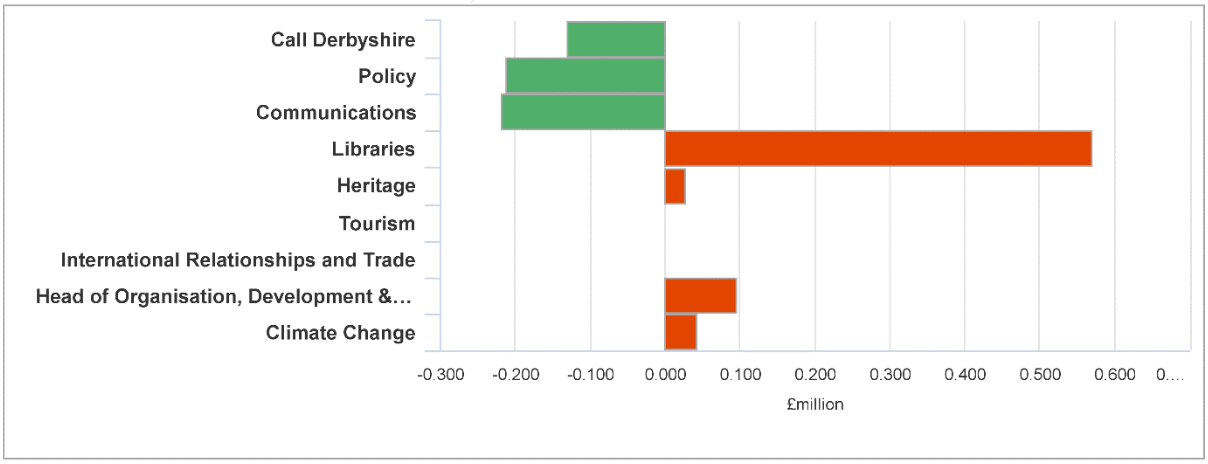
The portfolio has a forecast overspend of £0.095m after the allocation of £0.079m of funding from DLUHC Covid-19 emergency grants and compensation for lost income under the sales, fees and charges scheme. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target Budget



- Libraries, £0.569m 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, has now been relaunched. Proposals for an alternative way to deliver the Arts Service are expected in early 2022-23.
- Communications, £0.218m underspend – due to vacancy control. This will assist in managing a planned restructure of the function.
- Policy, £0.213m underspend – vacant posts only expected to be filled in the second half of the year.
- Call Derbyshire, £0.131m underspend – mainly due to staff turnover.

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.

Appendix 11

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

Traded Services

Fully Traded

'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income.

Portfolio	Service Area	Trading Area	Projected Gross Controllable Expenditure* £m	Projected Gross Controllable Income £m	Forecast Contribution/ Deficit(-) to General Overheads £m	Performance	Is Contribution/ Deficit transferred to Earmarked Reserves?
CSB	Finance & ICT	IT Support Services	0.868	1.021	0.153		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)	12.992	12.655	-0.337		Yes
CSSG	School Catering	School Catering + FSM checking	23.095	22.771	-0.324		No

Appendix 12

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?
CSSG	SORE	Swimming	0.809	0.856	0.047		No
			38.384	38.138	-0.246		

*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	0.538	0.510	-0.028	

Appendix 12

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	Registrars	1.248	1.774	0.526	
CSB	Corporate Property	Disability Design Team (DFG agency fees)	0.080	0.090	0.010	
CSB	Corporate Property	Estates	0.026	0.050	0.024	
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	
CSB	Corporate Property	SMHP Repairs & Maintenance Contract Mgt Fee	0.045	0.062	0.017	
CSB	Corporate Property	County Buildings incl. Members Bar	0.584	0.420	-0.164	

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	Industrial Development	1.528	1.686	0.158	
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	Finance & ICT	Exchequer	0.320	0.232	-0.088	
CSSG	Education Improvement	Various	0.216	0.078	-0.138	
CSSG	Education Psychology	Education Psychology	0.100	0.140	0.040	
CSSG	SORE	Outdoor Education & Sport	1.353	0.516	-0.837	
CSSG	SEMH Services	Behaviour support	0.075	0.075	0.000	
CSSG	Adult Education	Adult Education	0.562	0.383	-0.179	
CSSG	Education Welfare	Education Welfare	0.161	0.231	0.070	

Appendix 12

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSSG	Music	Music	0.135	0.141	0.006	
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	0.036	-0.013	
CSSG	Early Years	Early Years SEN	0.010	0.009	-0.001	
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	
HAT	Highways	Highways Laboratory	0.100	0.035	-0.065	
HAT	Fleet Services	Vehicle Maintenance	1.300	1.600	0.300	
IE	Countryside	Shops	0.219	0.261	0.042	
IE	Countryside	Cycle Hire	0.019	0.025	0.006	

Appendix 12

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
SLCTCC	Organisational Development & Policy	Crisis Communications	0.043	0.044	0.001	
SLCTCC	Heritage	Derbyshire Environmental Studies Service	0.113	0.018	-0.095	
			12.592	12.785	0.193	

Appendix 13

Earmarked Reserves

Earmarked Reserves as at 30 September 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
D2 Growth Fund	0.100
Other reserves	0.300
Total Clean Growth and Regeneration	**3.514**

Corporate Services and Budget	
Revenue Contributions to Capital	44.584
Covid Emergency and SFC Losses Grants	26.585
Loan Modification Gains	25.254
Insurance and Risk Management	17.105
Post-Covid Funding Risks	14.000
Covid-19 Recovery Fund	11.700
Budget Management	9.000
Planned Building Maintenance	6.553
Business Rates Pool	6.301
Prior Year Underspends	2.991
Computer Purchasing	2.850
Property Insurance Maintenance Pool	2.756
Investment Losses Contingency	2.500
PFI Reserves	1.980
Property DLO	1.481
Covid Tax Income Guarantee Grant	1.267
Change Management	1.163
Other reserves	5.696
Total Corporate Services and Budget	**183.766**

Childrens Services and Safeguarding

Tackling Troubled Families	3.372
Childrens Services IT Systems	0.444
Home to School Transport Covid Grant	0.230
Other reserves	0.427
Total Childrens Services and Safeguarding	**4.473**
Health and Communities	
Covid Test and Trace Grant	3.385
Domestic Abuse	1.104
Prior Year Underspends	0.807
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	**7.573**
Highways and Transport	
Prior Year Underspends	11.933
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	**18.349**
Infrastructure and Environment	
Waste Recycling Initiatives	0.598
Elvaston Maintenance	0.198
Other reserves	0.371
Total Infrastructure and Environment	**1.167**
Strategic Leadership, Culture, Tourism and Climate Change	
Green Entrepreneurs	2.000
Community Managed Libraries	0.742
Policy and Research	0.660
Channel Shift	0.446
Library Restructure	0.429
Derwent Valley Mills World Heritage Site	0.189
Other reserves	0.405

Total Strategic Leadership, Culture, Tourism and Climate Change	**4.871**
Total Portfolio Earmarked Reserves	**241.355**
Schools	
Schools Balances	34.925
Dedicated Schools Grant (DSG)	(0.306)
Total balances held for and on behalf of schools	**34.619**
Public Health Grant	**8.532**

Appendix 14

Budget Savings Monitoring 2020-21

Portfolio	Budget Savings Target: Prior Year not yet achieved Brought Forward £ Millions	Budget Savings Target: Current Year £ Millions	Budget Savings Target: Total Target £ Millions	Ongoing Savings Initiatives: Total Identified £ Millions	Ongoing Savings Initiatives: Shortfall (-)/ Additional Identified Savings £ Millions	Actual Savings Achieved: Achieved by Financial Year End £ Millions	Actual Savings Achieved: Shortfall (-)/ Additional Achievement of Savings Target £ Millions
Adult Care	1.894	7.441	**9.335**	5.410	-3.925	6.057	-3.278
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	0.927	-1.123
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**	0.957	0.078	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**	16.287	-9.772	11.228	-14.831

*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.

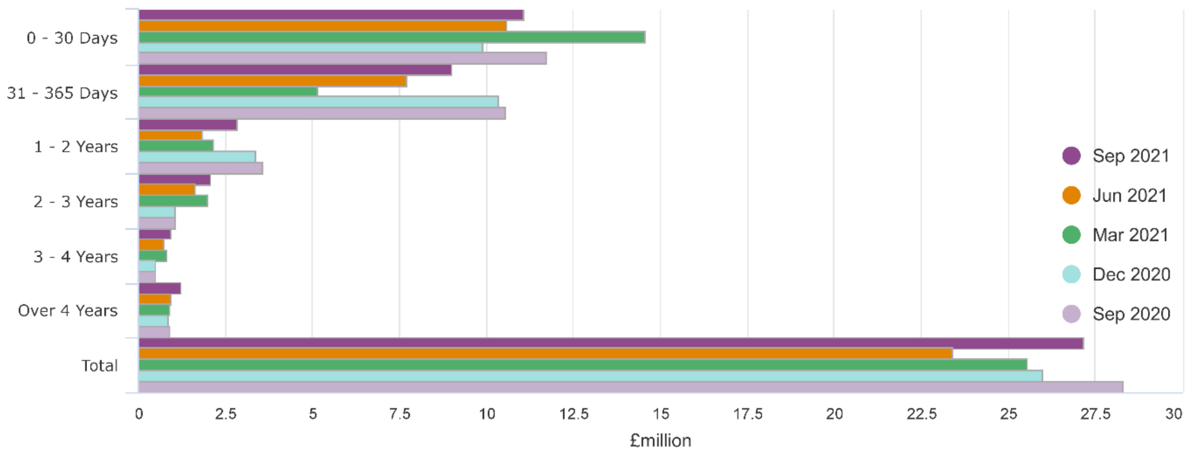
Appendix 15

Aged Debt

Age profile of debt, relating to income receivable, at 30 September 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	4.422	6.003	2.328	1.187	0.500	1.011	15.451
	28.6%	38.9%	15.1%	7.7%	3.2%	6.5%	100.0%
Children's Services	0.758	0.210	0.026	0.024	0.001	0.012	1.031
	73.5%	20.4%	2.5%	2.3%	0.1%	1.2%	100.0%
Place	3.393	1.078	0.359	0.798	0.269	0.023	5.920
	57.3%	18.2%	6.1%	13.5%	4.5%	0.4%	100.0%
Commissioning, Communities and Policy	2.506	1.722	0.143	0.041	0.171	0.189	4.772
	52.5%	36.1%	3.0%	0.9%	3.6%	4.0%	100.0%
All Departments	11.079	9.013	2.856	2.050	0.941	1.235	27.174
	40.8%	33.2%	10.5%	7.5%	3.5%	4.5%	100.0%

Aged Debt over Time



The value of debt written off in the 12 months up to 30 September 2021

Department	£m	
Adult Social Care and Health	0.236	↑
Children's Services	0.007	↓
Place	0.026	↑
Commissioning, Communities and Policy	0.035	↓
All Departments	**0.304**	↑

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 DLUHC Covid-19 and SFC Grant Funding
	£m	£m	£m
Adult Care	18.154	(14.096)	4.058
Clean Growth and Regeneration	0.026	0.000	0.026
Corporate Services and Budget	1.071	0.000	1.071
Childrens Services and Safeguarding	8.593	(3.948)	4.645
Health and Communities	7.747	(7.652)	0.095
Highways and Transport	1.228	0.000	1.228
Infrastructure and Environment	2.956	0.000	2.956
Strategic Leadership, Culture, Tourism and Climate Change	0.079	0.000	0.079
Total Portfolio Outturn	**39.854**	**(25.696)**	**14.158**

Appendix 16

Forecast use of Specific funding for Portfolio Covid-19 Costs

Adult Care	**£m**
Hospital Discharge Recharge	4.868
Infection Control Fund	9.228
Total Adult Care	**14.096**
Childrens Services and Safeguarding	
Home to School Transport	0.217
Wellbeing for Education return	0.153
Winter Grant Scheme	1.012
Covid Local Grant Scheme	2.566
Total Childrens Services and Safeguarding	**3.948**
Health and Communities	
Test and Trace	0.078
Contain Outbreak Management	7.287
Support CEV Individuals	0.269
Practical Self-Isolation Support	0.018
Total Health and Communities	**7.652**
TOTAL	**25.696**

Appendix 16

Register of Covid-19 Funding Receivable (updated October 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	DLUHC	11.248	15.337	14.429	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	DLUHC	0.000	1.473	1.473	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	4.868	4.868	Yes	NHS/CCG funding to help local authorities with Covid-19 associated costs including those relating to hospital discharge and follow-on care.
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.

Appendix 16

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 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	0.082	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	8.594	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.
HC	Clinically Extremely Vulnerable (CEV) Funding	Grant	DLUHC	0.698	1.294	0.385	No	Funding to support clinically extremely vulnerable (CEV).
HC	Mass Community Testing	Grant	DHSC	0.771	1.143	1.914	Yes	To provide support to the Local Authority towards expenditure in relation to Community Testing in response to the Covid-19 outbreak.

Appendix 16

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	Practical Support for those Self-isolating	Grant	DHSC	0.000	1.334	0.020	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	0.204	0.435	No	To create extra capacity and allow more students to use alternatives to public transport, while social distancing measures remain in place.
CSSG	COVID Winter Grant Scheme	Grant	DWP	0.253	-0.098	0.155	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	To support those most in need with the cost of food, energy (heating, cooking, lighting), water bills (including sewerage) and other essentials.

Appendix 16

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	Well-Being for Education Return	Grant	DfE	0.032	0.121	0.043	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.
				35.676	**41.428**	**44.192**		

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Report of the Executive Director, Corporate Services and Transformation

Reserves Position and Reserves Policy

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 For Council to note the current and forecast positions for both General and Earmarked Reserves and the updated Reserves Policy. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2022-23, the Revenue Budget Report 2022-23 and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23 Report.

4. Information and Analysis

Reserves Policy

4.1 Section 43 of the Local Government Finance Act 1992 requires precepting authorities in England and Wales to assess the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

4.2 A range of safeguards are in place to prevent local authorities over-committing themselves financially. These include:

- The requirement to set a balanced budget as detailed in Section 43 of the Local Government Finance Act 1992.

- The Chief Finance Officer's (S151 Officer) duty to report on the robustness of estimates and adequacy of reserves when the Council is considering its budget requirement as set out in Section 27 of the Local Government Act 2003.

- Legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer (S151 Officer) has responsibility for the administration of those affairs as set out in Section 151 of the Local Government Act 1972.

4.3 These requirements are reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to Council if there is, or is likely to be, unlawful expenditure or an unbalanced budget.

4.4 The Council has in place a Reserves Policy which ensures the Council meets its statutory obligations and sets out the framework within which decisions are made regarding the level of reserves.

4.5 In line with this framework the balance and level of Earmarked and General Reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council.

4.6 In a letter in August 2021, the Department for Levelling Up, Housing and Communities (DLUHC) has proposed an additional categorisation of local authority Earmarked Reserves in order to increase understanding and transparency around the purpose for which Earmarked Reserves are held. DLUHC intend to collect this data in local authorities' annual Revenue Outturn and Revenue Account Returns. To allow Officers and Members a comparison with the Council's existing Reserves Policy, the tables in the body of this report have been re-presented in Appendix Three, analysed according to the categories DLUHC has proposed.

4.7 The Reserves Policy was last approved by Cabinet on 26 January 2016. The following key amendments are proposed in this report:

- Clarifies that Earmarked Reserves are not available to the Council for use in setting its ongoing base budget.
- Revises the approval limits for the creation of new Earmarked Reserves to:
    - Up to £100,000 – Executive Director in consultation with the Director of Finance & ICT.
    - Between £100,000 and £500,000 – Cabinet Member.
    - Above £500,000 – Cabinet.
- Clarifies the authorisation for the transfer of amounts between Earmarked Reserves.
- Clarifies that a review of Earmarked Reserves balances will be conducted on an annual basis and reported to Cabinet.
- Revises the categorisation of Earmarked Reserves to align with that proposed by DLUHC.

4.8 A copy of the updated Reserves Policy has been included at Appendix Four.

General Reserve

4.9 The Council's General Reserve position was last reported to Cabinet on 29 July 2021, as part of the Revenue Outturn Report 2020-21. The level of General Reserve projections has been updated as part of the updated Five Year Financial Plan 2022-23 to 2026-27, which is included in the Revenue Budget Report 2022-23, also for consideration at this Council meeting. The General Reserve balance is forecast to be between £10m and £39m over the medium term.

4.10 It is recognised that the forecast General Reserve balance over the medium term is lower than would be preferred. Restorative measures will be utilised over the period of the Five Year Financial Plan to build back up the balance of the General Reserve. There are further options around the funding of planned capital investment projects which could release in excess of £30m of revenue contributions to fund capital expenditure which could alternatively be funded from additional borrowing and the money utilised instead to ensure that the Council's General Reserve position remains at a reasonable, risk-assessed level.

Earmarked Reserves

4.11 Earmarked Reserves are a means of smoothing expenditure to meet known or predicted liabilities. Funds should be used for the item for which they have been set aside. Any funds no longer required should be transferred to the General Reserve.

4.12 Earmarked Reserves totalling £260.507m were held at 1 April 2021. Of this total, £89.760m (34%) is available to support future spending. Details of the balances, categorised in accordance with the Reserves Policy, are below.

Portfolio	Grants £m	Committed Liabilities £m	Funding Capital £m	Other £m	Not Controlled by Council £m	Total £m
AC	0.000	0.000	16.103	1.539	0.000	**17.642**
CGR	0.000	0.505	0.114	0.000	0.000	**0.619**
CSB	12.767	52.164	7.279	69.532	20.580	**162.322**
CSSG	0.622	1.076	0.198	5.067	0.008	**6.971**
HAT	0.904	1.853	1.006	13.339	0.617	**17.719**
HC	15.450	0.021	0.040	0.237	0.021	**15.769**
IE	0.135	1.012	0.028	0.000	0.003	**1.178**
SLCTCC	0.270	2.736	0.000	0.046	0.310	**3.362**
Total	**30.148**	**59.367**	**24.768**	**89.760**	**21.539**	**225.582**
Schools	0.000	0.000	0.000	0.000	34.925	**34.925**
Total	**30.148**	**59.367**	**24.768**	**89.760**	**56.464**	**260.507**

AC	=	Adult Care
CGR	=	Clean Growth and Regeneration
CSB	=	Corporate Services and Budget
CSSG	=	Childrens Services and Safeguarding
HAT	=	Highways Assets and Transport

HC	=	Health and Communities
IE	=	Infrastructure and Environment
SLCTCC	=	Strategic Leadership Culture and Tourism and Climate Change

4.13 The following Earmarked Reserves have a balance that is in excess of £5m:

4.14 **Loan Modification Gains/Losses** (£25.254m held at 1 April 2021; Corporate Services and Budget; Other) – held to meet the cost of higher interest charges arising on restructured loans which were remeasured when International Financial Reporting Standard 9 was adopted.

4.15 **Covid-19 Recovery Fund** (£15.000m held at 1 April 2021; Corporate Services and Budget; Other) – held to support the Council's and wider County recovery from the impacts of the Covid-19 pandemic.

4.16 **Covid-19 Local Authority Emergency Grant** (£11.248m held at 1 April 2021; Corporate Services and Budget; Grants) – non-ringfenced emergency grant to support local authorities with the cost pressures experienced through the Covid-19 pandemic.

4.17 **Post Covid-19 Funding Risks** (£0.000m held at 1 April 2021; £14.000m held at 30 November 2021 (Created from 2020-21 underspends); Corporate Services and Budget; Other) – contingency against potential funding losses during the Covid-19 recovery period.

4.18 **Revenue Contributions to Capital Expenditure** (£44.584m held at 1 April 2021; Corporate Services and Budget; Other) – £14.227m is held to fund future capital expenditure. The balance of £30.357m has arisen as a consequence of the Council's strategic decision to fund its capital expenditure in 2018-19, 2019-20 and 2020-21 from additional borrowing rather than its revenue budget and is held to support the management of revenue budgets over the medium term. Further contributions to this Earmarked Reserve, in the region of £2m, should be possible in 2022-23.

4.19 **Place Department: Prior Year Underspends** (£11.301m held at 1 April 2021; Highways Assets and Transport; Other) – held to finance anticipated overspends in the Place departmental budget because of a lag in the delivery of budget savings. These are expected to arise whilst delivering change in a managed way, to ensure that front line services are not unduly disrupted. It is forecast that this balance will be used by 31 March 2023.

4.20 **Public Health** (£8.532m held at 1 April 2021; Health and Communities; Grants) – the balance carried forward of the ring-fenced Public Health Grant.

4.21 **Business Rates Pool** (£6.301m held at 1 April 2021; Corporate Services and Budget; Committed Liabilities) – contains gains to the Council from participating in a business rates pool along with other authorities in Derby and Derbyshire since 2015-16. It is anticipated that this funding will support the Council's commitments to transition to a greener operating model in line with its Climate Change Policy.

4.22 **Budget Management** (£11.917m held at 1 April 2021; Corporate Services and Budget; Other) - to support the management of revenue budgets over the medium term. This balance has since been used for one-off revenue support, as approved in the Revenue Budget Report 2021-22. Subsequently, £9m has been added to the reserve as approved in the Revenue Outturn Report 2021-22 and £2.845m has been transferred from the General Reserve to fund the balance of one-off expenditure required by the Revenue Budget 2022-23. The use of further one-off amounts has been forecast in the Five Year Financial Plan 2021-22 to 2025-26.

4.23 **Planned Building Maintenance** (£6.553m held at 1 April 2021; Corporate Services and Budget, Funding Capital Projects) – there are a number of building projects that are funded from this budget. Cabinet agree a schedule to be funded from this budget.

4.24 **Older People's Housing Strategy Reserve** (£16.103m held at 1 April 2021; Adult Care; Funding Capital Project) – revenue contributions to capital expenditure, held to fund capital investment in Older People's housing. If required, this capital investment could alternatively be funded from additional borrowing and the money utilised instead to ensure that the Council's General Reserve position remains at a reasonable, risk-assessed level.

4.25 **Insurance and Risk Management** (£17.105m held at 1 April 2021; Corporate Services and Budget; Not Controlled by Council) – the Council keeps its payments to external insurance companies to a minimum by self-insuring much of its insurable risk. To cover self-insured risk, a contribution in lieu of premium is paid into an insurance fund, which comprises this reserve to cover expected liabilities and an insurance provision to cover incurred liabilities. Every four years an actuary performs an independent evaluation of the fund balance and the level of contributions. The last actuarial evaluation, completed in May 2018, confirmed that the total of this reserve and the insurance provision was adequate to meet current and anticipated liabilities.

4.26 The Council's Earmarked Reserve balances were reviewed during Autumn 2021. Departments have agreed to release £3.707m from balances, which will be utilised to support the Council in achieving a balanced budget over the medium term. This amount will initially be held in the Budget Management Earmarked Reserve. The balance of that reserve, including this transferred balance, is expected to be fully used in supporting one off expenditure detailed in the Revenue Budget Report 2022-23. Details of the balances to be released are shown in Appendix Two.

4.27 The table below summarises the forecast movement in Earmarked Reserves for the year ending 31 March 2022.

Portfolio	Reserves Brought Forward at 01.04.2021 £m	Planned Net Contribution /(Use) 2021-22 £m	Amounts to be Released to General Reserve £m	Forecast Reserves Carried Forward at 31.03.2022 £m
AC	17.642	(0.039)	(1.500)	**16.103**
CGR	0.619	2.044	0.000	**2.663**
CSB	162.322	(12.612)	(1.171)	**148.539**
CSSG	6.971	(1.567)	0.000	**5.404**
HAT	17.719	(8.871)	(1.000)	**7.848**
HC	15.769	(9.659)	0.000	**6.110**
IE	1.178	(0.747)	0.000	**0.431**
SLCTCC	3.362	1.032	(0.036)	**4.358**
Total	**225.582**	**(30.419)**	**(3.707)**	**191.456**
Schools	34.925	(1.147)	0.000	**33.778**
Total	**260.507**	**(31.566)**	**(3.707)**	**225.234**

4.28 The table below categorises projected Earmarked Reserves balances at 31 March for the next five years, in accordance with the Reserves Policy. Schools balances have been excluded from this analysis.

	Grants	**Committed Liabilities**	**Funding Capital**	**Other**	**Not Controlled by Council**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
31.03.2021	30.148	59.367	24.768	89.760	21.539	**225.582**
31.03.2022	17.288	49.703	20.479	84.435	19.551	**191.456**
31.03.2023	13.824	39.907	12.354	53.486	18.309	**137.880**
31.03.2024	11.847	36.844	5.381	41.704	16.502	**112.278**
31.03.2025	11.256	35.007	0.092	35.035	15.889	**97.279**

5. Consultation

5.1 No consultation is required.

6. Alternative Options Considered

6.1 N/A – the Council is required to monitor and review the level of its reserves to ensure they are adequate to manage the risks of the Council. This is in accordance with the Reserve Policy which ensures the Council meets its statutory obligations regarding the level of reserves.

7. Implications

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

8. Background Papers

8.1 Held electronically by Financial Strategy Section, Financial Management & Strategy, Finance & ICT Division, County Hall.

9. Appendices

9.1 Appendix One – Implications.

9.2 Appendix Two – Amounts to be released from Earmarked Reserves.

9.3 Appendix Three – Recategorisation of Earmarked Reserves at 1 April 2021 in accordance with DLHUC proposals.

9.4 Appendix Four – Updated Reserves Policy.

10. Recommendations

That Council:

10.1 Notes the current position on Earmarked Reserves.

10.2 Notes the details of the amounts to be released from Earmarked Reserves balances.

10.3 Notes the allocation of £3.707m Earmarked Reserves released to the Budget Management Earmarked Reserve.

10.4 Notes the updated Reserves Policy.

11. Reasons for Recommendations

11.1 The balance of both the General and Earmarked Reserves support good financial planning.

11.2 Any funds in Earmarked Reserves which are no longer required for the item for which they have been set aside should be transferred to the General Reserve to ensure that the balance and level of Earmarked and General Reserves reflect a level adequate to manage the risks of the Council.

11.3 The allocation of additional funding to the Budget Management Earmarked Reserve will support the Council in setting a balanced budget in future years, through the use of one-off funding to support services.

11.4 A Reserves Policy ensures that the Council meets its statutory obligations and sets out the framework within which decisions are made regarding the level of reserves.

Report Author:	Contact details:
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Sam Holmes	Samuel.Holmes@derbyshire.gov.uk

This report has been approved by the following officers:

On behalf of: Director of Legal Services and Monitoring Officer Executive Director, Corporate Services and Transformation (S151 Officer) Managing Director	

Appendix One

Implications

Financial

1.1 As outlined in the body of the report.

Legal

2.1 As outlined in the body of the report.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

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

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

7.1 None.

Appendix Two

Details of Earmarked Reserves where an amount is to be released:

Portfolio	Reserve	AC £m	CGR £m	CSB £m	CSSG £m	HAT £m	HC £m	IE £m	SLCTCC £m	Total £m
AC	Telecare	1.500								**1.500**
CSB	Chairs Fund Reserves			0.061						**0.061**
CSB	Derbyshire Discretionary Fund			0.007						**0.007**
CSB	Business Rates Appeals			0.300						**0.300**
CSB	Community Priorities Programme			0.803						**0.803**
HAT	Place: Prior Year Underspends					1.000				**1.000**
SLCTCC	Creswell Crags								0.036	**0.036**
Total		**1.500**	**0.000**	**1.171**	**0.000**	**1.000**	**0.000**	**0.000**	**0.036**	**3.707**

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

Appendix Three

Recategorisation of Earmarked Reserves at 1 April 2021 in accordance with DLHUC proposals:

Portfolio	Contractual Commitments £m	Covid Grants £m	Grants £m	Planned Revenue Spend £m	Planned Capital Spend £m	Specific Risks £m	Budget Stabilisation £m	Other £m	Public Health Grant £m	DSG £m	Schools Balances £m	Total £m
AC	0.000	0.000	0.000	1.539	16.103	0.000	0.000	0.000	0.000	0.000	0.000	**17.642**
CGR	0.302	0.000	0.000	0.203	0.114	0.000	0.000	0.000	0.000	0.000	0.000	**0.619**
CSB	45.756	12.515	0.253	5.240	7.279	64.496	11.917	14.864	0.000	0.000	0.000	**162.320**
CSSG	0.000	0.516	0.107	5.858	0.198	0.000	0.000	0.293	0.000	0.000	0.000	**6.972**
HAT	0.654	0.000	0.904	13.155	1.006	2.000	0.000	0.000	0.000	0.000	0.000	**17.719**
HC	0.136	4.900	2.019	0.122	0.040	0.000	0.000	0.021	8.532	0.000	0.000	**15.770**
IE	0.129	0.000	0.135	0.886	0.028	0.000	0.000	0.000	0.000	0.000	0.000	**1.178**
SLCTCC	0.318	0.000	0.270	2.085	0.000	0.000	0.000	0.689	0.000	0.000	0.000	**3.362**
Total	**47.295**	**17.931**	**3.688**	**29.088**	**24.768**	**66.496**	**11.917**	**15.867**	**8.532**	**0.000**	**0.000**	**225.582**
Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	34.925	**34.925**
Total	**47.295**	**17.931**	**3.688**	**29.088**	**24.768**	**66.496**	**11.917**	**15.867**	**8.532**	**0.000**	**34.925**	**260.507**

Appendix Three

The table below categorises projected Earmarked Reserves balances at 31 March for the next five years, in accordance with the DLUHC's proposal. Schools balances have been excluded from this analysis.

	Contractual Commitments	Covid Grants	Grants	Planned Revenue Spend	Planned Capital Spend	Specific Risks	Budget Stabilisation	Other	Public Health Grant	DSG	Schools Balances	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
31.03.2021	47.295	17.931	3.688	29.088	24.768	66.496	11.917	15.867	8.532	0.000	0.000	**225.582**
31.03.2022	42.417	11.281	1.593	18.539	20.479	69.006	15.552	8.174	4.415	0.000	0.000	**191.456**
31.03.2023	39.507	11.133	0.855	8.231	12.354	61.522	0.000	2.442	1.836	0.000	0.000	**137.880**
31.03.2024	35.982	11.079	0.265	4.536	5.381	52.538	0.000	1.994	0.503	0.000	0.000	**112.278**
31.03.2025	33.881	11.079	0.178	3.892	0.092	46.538	0.000	1.620	0.000	0.000	0.000	**97.280**

Appendix Four

DERBYSHIRE
County Council

Reserves Policy

Peter Handford BA (Hons) PGCert FCPFA

Executive Director, Corporate Services and Transformation

Approval and Authentication

Name	Job Title	Signature	Date
Peter Handford	Executive Director, Corporate Services and Transformation		December 2021
Cabinet			24 January 2022

RESERVES POLICY

Introduction
This policy establishes a framework within which decisions will be made regarding the level of reserves held by the Council and the purposes for which they will be used and maintained.

Sections 32 and 43 of the Local Government Finance Act 2003 require local authorities to have regard to the level of resources needed to meet estimated future expenditure when calculating the annual budget requirement.

Definitions
Reserves are sums of money held by the Council to meet future expenditure. There are two principal types of reserves:

(a) General - non-specific reserves which are kept to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Council's Five Year Financial Plan (FYFP). The Council's general revenue reserves are held in the General Reserve Balance.
(b) Earmarked Reserves which are held for specific purposes and which are established either by statute or at the discretion of the Council.

A summary of all reserves, including in year movements and year-end balances are contained in the Council's Statement of Accounts.

General Reserve Balance
The Council will maintain an adequate level of General Reserve Balance to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short-term borrowing.
- Provide a contingency to cushion the impact of unexpected events or emergencies.
- Plan for potential major items of expenditure.

The appropriate level of reserves for this purpose will be determined by the Council's FYFP, which will be reviewed annually and will be subject to approval by a meeting of the Council's Cabinet. However, the Council will not maintain levels of General Reserve balances that are excessive compared with appropriate minimum levels. In this context, "excessive" will be assessed and reviewed annually in the FYFP with regard to:

- The projected level of General Reserve balance at the end of the FYFP, less the appropriate minimum level.
- The annual planned use of reserves in each year of the FYFP.
- The impact of sudden large changes in annual use of balances on services or Council Tax levels.

The adequacy of the General Reserve Balance will be determined by assessing the financial risks associated with meeting continuing obligations to provide services. The risk assessment will be reviewed annually.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance about the factors which should be taken into account in determining the overall level of reserves and balances. These are:

- Assumptions regarding inflation.
- Estimates of the level and timing of capital receipts.
- Treatment of demand-led pressures.
- Treatment of savings.
- Risks inherent in any new partnerships.
- Financial standing of the Authority (i.e. level of borrowing, debt outstanding, etc.).
- The Authority's track record in budget management.
- The Authority's capacity to manage in year budget pressures.
- The Authority's virements and year-end procedures in relation to under and over-spends.
- The adequacy of insurance arrangements.
- An assessment of external risks.
- Impact of major unforeseen events.
- Likely level of Government support following major unforeseen events.

The General Reserve Balance will be reviewed and projections on future balances will be made at key points during the financial year, namely as part of the budget setting process and update of the FYFP. In exceptional circumstances, the actual level of the Council's balance may fall below the level which is considered appropriate. This is consistent with the need to provide to meet short-term unforeseen expenditure. However, the actual level will be monitored against balances outlined in the FYFP. The plan will set out the level of planned balances, as well as confirming acceptable thresholds above or below the balance. If the balance falls outside of the planned tolerance levels, a plan will be agreed by the Council to restore balances to the appropriate level.

Earmarked Reserves
Departments may establish Earmarked Reserves from within their cash-limited budgets to properly reflect on-going financial commitments, fund future service developments or expenditure of an uneven nature. Earmarked Reserves are not available to the Council for use in setting its ongoing base budget. They are required for specific purposes and are a means of building up funds to meet known or predicted liabilities. These reserves have no upper threshold on them; however, individually their limit and purpose must be approved before they are created using the following approval limits:

- Up to £100,000 – Executive Director in consultation with Director of Finance & ICT.
- Between £100,000 and £500,000 – Cabinet Member.
- Above £500,000 – Cabinet.

Transfers between reserves shall be in accordance with the Scheme of Delegation and Financial Regulations, namely:

- Up to £100,000 – Executive Director
- Between £100,000 and £500,000 – Cabinet Member
- Above £500,000 – Cabinet

Transfers up to £100,000 between departments requires the authorisation of both relevant Executive Directors.

Balances carried forward from previous year's underspend will be allocated to a departmental reserve and proposals for their use will be subject to final approval by the Cabinet Member.

Balances should be reasonable for the purpose held and must be used for the item for which they have been set aside, if circumstances arise to which the reserve is no longer required for its original purpose, they should be transferred to the General Reserve. In order to establish that they are fit for purpose, there will be a review of balances on an annual basis, the outcome of which will be reported to Cabinet.

Earmarked Reserves will be analysed into the following categories:

- **Contractual Commitments** - Genuine liabilities that are known and current to the Council (this does not include holding a balance to cover possible future liabilities), such as PFI scheme obligations. It will also include money held on behalf of partnerships and other Councils.

- **Grants** – Any reserve that was created through the receipt of a grant (excluding Public Health and Dedicated Schools Grants). This could be due to the timing of the payment of the grant.
- **Planned future Revenue Spend** – Funding intended to meet the cost of Revenue expenditure which has yet to be incurred.
- **Planned future Capital Spend** – Amounts held to meet funding required by the capital programme.
- **Specific Risks** – Any reserve held for specific risks which can be named (this does not include balances held as general contingency or to stabilise the budget against a reduction in funding).
- **Budget Stabilisation** – Balances held to stabilise the budget against a reduction in funding.
- **Schools Reserves** - Balances which a scheme, made under Section 48 of the School Standards and Framework Act 1998, provides must be carried forward to be used for the purpose of schools. These amounts represent the amount of unspent schools' budgets.
- **Dedicated Schools Grant (DSG)** – The aggregate of these reserves should be consistent with the Council's return to the Department for Education (DfE) made under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009. This is the balance of ring-fenced specific government grant paid in support of the Council's schools' budgets which is as yet unspent.
- **Other** – All other earmarked reserve balances.

School Reserves

School balances are held for two main reasons; as a contingency against financial risks and to meet planned commitments in future years.

Schools are encouraged to retain, where possible, a modest balance towards future liabilities and potential need for replacement of equipment. In order to allow the local authority to monitor schools' financial positions, governing bodies will be asked to report to the local authority on the use which the schools intend to make of surplus balances. The local authority will focus particularly on those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Joint Report of the Managing Director and the Executive Director, Corporate Services and Transformation

Budget Consultation Results

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3 Purpose of the Report

3.1 To enable Full Council to consider the outcome of the Council's budget consultation exercises in formulating its budgetary proposals regarding the Revenue Budget for 2022-23.

3.2 This report should be read alongside the following reports to this Council meeting: the Reserves Position and Reserves Policy Report, the Revenue Budget Report 2022-23 and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23 Report.

4 Information and Analysis

4.1 The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget. For 2022-23 the Council devised a 'Your Council, Your Voice 2021' survey. As in the previous two years, this was an in-depth survey, combining both budget and residents' consultations, to provide even more useful information than in surveys prior to 2020-21. The headline findings from the survey are being used to refresh the Council Plan for 2022-23 and the budget consultation elements are reported on here. Plans are being formulated to undertake further analysis to support wider strategy development across the Council and engagement with residents and local communities.

Online Survey

4.2 The online survey combined both budget and residents' consultations and ran for six weeks, from 18 October 2021 to 28 November 2021. Participation in the survey has been encouraged using various means including social media posts on Twitter and Facebook, and a Facebook advertising campaign which reached 221,000 people and resulted in 13,898 clicks through to the survey. The survey was also publicised in the Council's residents' magazine Derbyshire Now, both the printed and e-version, featured in the Our Derbyshire employee newsletter, the Councillors' briefing Members' News and Community eNews. In addition, 6,296 residents who had previously expressed an interest in being involved in further consultation with the Council were e-mailed the survey directly. A total of 2,550 Derbyshire residents completed the survey. Last year, the Council attracted 2,101 responses to its survey. The survey response remains strong, especially considering the ongoing Covid-19 pandemic.

4.3 To promote participation amongst residents who are less familiar with, or have no internet access, copies of a paper consultation questionnaire, containing the same questions, were made available on request. A freepost address was used to encourage participation. A small number of paper questionnaires were sent out, but none were returned.

4.4 The average age of respondents was 56 years, with the age of respondents ranging from 16 to 90 years old. This compares to an average age of 57 for the 2021-22 consultation. Responses from the over 65 group have decreased compared to the 2021-22 consultation response, broadly returning to 2020-21 response levels for this age group, and in line with their proportion of the Derbyshire population according to the Office for National Statistics (ONS). Engagement with the 16-44 age group has increased but responses remain fourteen percentage points below their proportion of the Derbyshire population. The strongest response is again from the 45-64 age group. Of those responding, 49% were male and 51% were female, a similar proportion to the 2021-22 consultation, when 50% were male and 50% were female. This is broadly in line with the ONS gender profile for Derbyshire.

4.5 A map showing the Derbyshire location of respondents is attached at Appendix Two. If survey response rates were to follow the percentage of population in each district, the Council would expect 9% of respondents to be resident in Derbyshire Dales. The analysis shows that residents from Derbyshire Dales are over-represented in the consultation, as 18% of all respondents live in Derbyshire Dales. High Peak residents are also over-represented (3% higher), whilst those in South Derbyshire are particularly under-represented (4% lower). These findings were similar in the 2020-21 and 2021-22 consultations.

4.6 A total of 17% of respondents identified themselves as having a disability, a similar proportion to the 2021-22 budget consultation. This compares to 20% of the population identified in the 2011 Census who said their day to day activities were limited.

4.7 Further demographic analysis is attached for consideration at Appendix Three.

4.8 An infographic showing headline results in respect of the Your Council Your Voice 2021 Survey, including the budget consultation questions, has been produced and is attached at Appendix Four.

4.9 Within the survey, local people were asked six budget consultation questions to establish their views on what the Council's top and bottom three priority services should be and why they had chosen these, to rank in order of importance nine options the Council could use to save money or raise additional revenue and whether they had any other suggestions for how the Council could save money or raise additional revenue. Of the six budget consultation questions, five required respondents to select their answers from options given in the consultation and one allowed respondents to comment freely. Fewer responses were received where respondents were asked to comment freely.

4.10 The following views were expressed:

- From a choice of 22 Council services, respondents thought that the top three priorities, with the most popular listed first, should be: ‘highways services including planning and maintenance’ (selected by 41% of respondents as being in their top three priority services), ‘waste and recycling centres’ (31%) and ‘environmental policy including flooding and climate change’ (28%). These are the same top three priorities as in the 2021-22 budget consultation, in the same order, but the support for each has increased. These ‘top priority’ services were not the least frequently selected from the same list requiring respondents to select their ‘bottom three priorities’. The least selected service as a bottom priority was ‘safeguarding and child protection’ (2%), followed by ‘day care or residential care for older adults’ (3%), then ‘support for vulnerable children and families’ (3%). These are the same bottom three priorities as in the 2021-22 budget consultation.
- The top Council service priority selected by both males and females is ‘highways services including planning and maintenance’, although 51% of males, compared to 32% of females, chose this service priority. The second most popular service priority for both males and females is ‘waste and recycling centres’. The third most popular service priority, again for both males and females, is ‘environmental policy including flooding and climate change’. A convergence of male and female views is evident, with the same service priorities selected by both groups in each of the top three positions. This differs to the budget consultation 2021-22.
- The most important reason for choosing the top Council service priorities in the survey was ‘important to you or your family’ (48%), followed by ‘need to protect and support vulnerable people’ (33%) and then ‘importance of road and public transport issues’ (31%).

- From the same choice of 22 Council services, the priorities which respondents thought should be at the bottom, with the ones most frequently selected first, are: ‘museums, heritage and arts services’ (selected by 41% of respondents as being in their bottom three priority services), followed by ‘grants and aid to voluntary groups’ (35%), then ‘adult community education’ (24%) - this is identical to the 2021-22 budget consultation. These ‘bottom priority’ services were not all present in the least frequently selected from the same list requiring respondents to select their ‘top three priorities’ question. The least selected service as a top priority was ‘fostering and adoption services’ (1%), followed by ‘trading standards’ (3%), then ‘adult community education’ (3%) – these are the same three as in the 2021-22 budget consultation.

- The bottom two Council service priorities above were selected most by both males and females. However, the third most selected bottom Council service priority was ‘adult community education’ overall, but ‘welfare rights advice’ for males and ‘trading standards’ for females.
- The most important reason for choosing the bottom Council service priorities in the survey was ‘other services are more important’ (69%), followed by ‘difficult to choose’ (51%) and then ‘not relevant or important to you or your family’ (43%).
- Respondents identified the most important of nine options the Council could use to save money or raise additional revenue as ‘work with other councils to deliver shared services’, followed by ‘use other ways of delivering services such as local trusts or other ‘not for profit’ partnerships’, then ‘put more services on-line’. Males and females agreed on the top three choices and their ranking. This top three is identical to both the 2020-21 and 2021-22 budget consultations.
- The least important of the nine options to save money or raise additional revenue, as ranked by both male and female respondents, was ‘increase Council Tax’. This was followed by ‘increase charges for services supplied to the public’, again selected by both male and female respondents. The overall third least important selection was ‘maintain services but do less frequently or reduce level of service’, although females selected ‘reduce or stop delivery of less important services’. This overall order is identical to both the 2020-21 and 2021-22 budget consultations.
- Most people (1,579 respondents) did not make any suggestions on alternative ways for saving money or raising additional revenue. An additional 94 people referred to services that were provided by district/borough councils or other organisations such as the Government or health. The remaining comments were grouped into a range of topics including:

    - Staffing issues (168 respondents) - including reducing the number, pay, sick leave and pensions of managers and staff and using fewer consultants. Also, continually reviewing services to improve efficiency, providing value for money whilst maintaining quality of services, and embracing modern ways of working and best practice, such as working from home and holding online meetings.

- Increasing funding (74 respondents) - various ways including lobbying Government, instigating a local lottery and using the private sector to help raise finance.
- Highways issues (73 respondents) - concerned about issues such as the quality of work on potholes, leading to additional spending.
- Developing Council sites (47 respondent) – selling or leasing buildings and property or renting out unused rooms. Combining buildings to produce hubs of services.
- Combining local authorities or collaboration (36 respondents).

Focus Groups

4.11 It was agreed as part of the "Your Council, Your Voice 2021" consultation approach that a number of online focus groups would be held.

4.12 A total of 33 residents took part in five focus groups. The average age of those attending was 63 years; the youngest person was 32 and the oldest was 88. Participants were split 52% female and 48% male.

4.13 The focus groups primarily focused on value for money, satisfaction and priorities.

4.14 An infographic summarising key outcomes and demographic information from the focus groups has been produced and is included at Appendix Five.

4.15 The key issues and findings from the groups include:

- There was a view that people are less satisfied with public services in general, reflecting nationwide issues rather than specific examples relating to the Council.
- Residents confirmed that the selection of their top three priorities is primarily driven by individual use and/or need for a particular service.
- Experience of contact with Elected Members, both positive and negative, has a direct effect on satisfaction ratings.
- There is growing awareness of the different tiers of local government and public services and a desire to see more partnership working to provide effective, value for money and efficient services.
- There is increasing appetite for residents to be involved at an early stage in policy formulation and how services are delivered.
- There is a general consensus that residents would find more information about the Council's performance and finances interesting and useful in determining their views on satisfaction and value for money.
- There was wide understanding that Elected Members and senior officers have to balance many competing issues when making decisions, however residents would like more openness and

transparency on how decisions are reached and why, particularly in terms of the weight given to residents' views.
- There was an increased desire to see the Council prioritise a more integrated public transport system in Derbyshire to meet not only climate change targets but to reduce the impact on the amount of vehicles using the current highway network and the damage this causes.

4.16 A detailed analysis of the consultation results and themes arising from the comments that participants contributed are included at Appendix Six.

Other Consultation

4.17 The Council's Constitution provides that the Improvement and Scrutiny Committee should also be notified of the budget proposals. The Director of Finance & ICT has engaged with the Committee regularly throughout the year, with particular emphasis on the December 2021 meeting in relation to the budget for 2022-23. The December meeting was dedicated solely to discussion around the forthcoming budget. At this meeting there were several comments, questions and views expressed by members of the Committee. The comments were around the following broad issues:

- The key drivers of costs for children's social care.
- The adequacy of the current Highways Winter Maintenance budget.
- The level of earmarked reserves held.
- Scrutiny and governance of traded services activity.

4.18 The Council is seeking the views of the trade unions by corresponding with representatives of the Corporate Joint Committee on the Council's budget proposals. A verbal update will be provided at the Full Council meeting on 2 February 2022.

4.19 In addition, the Local Government Finance Act 1992 requires local authorities to consult representatives of business ratepayers in their area about the budget proposals for each financial year. The Council is seeking the views of business ratepayers by corresponding with representatives of Derbyshire and Nottinghamshire Chamber of Commerce and the Federation of Small Businesses on the Council's budget proposals. A verbal update will be provided at the Full Council meeting on 2 February 2022.

5 Consultation

5.1 No consultation is required.

6 Alternative Options Considered

6.1 Do Nothing – there is no statutory requirement to undertake budget consultation, however, a key element of the Council's budget setting process is consultation with stakeholders. Not doing this would be contra to Appendix 7 of the Council's Constitution – Budget and Policy Framework Procedure Rules.

6.2 The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget. For 2022-23 the Council devised a 'Your Council, Your Voice 2021' survey. As in the previous two years, this was an in-depth survey, combining both budget and residents' consultations, to provide even more useful information than in surveys before 2020-21.

7 Implications

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

8 Background Papers

8.1 Papers held electronically by Policy and Financial Strategy Section, Financial Management & Strategy, Finance & ICT Division, County Hall.

9 Appendices

9.1 Appendix One – Implications.

9.2 Appendix Two – Map - Location of Your Council Your Voice 2021 Survey Respondents.

9.3 Appendix Three – Demographic Profile of Budget Consultation Respondents.

9.4 Appendix Four – Infographic – Your Council Your Voice 2021 Survey Summary Results.

9.5 Appendix Five – Infographic – Your Council Your Voice 2021 Focus Groups Summary.

9.6 Appendix Six – Budget Consultation - Analysis of Consultation Responses.

10 Recommendations

That Council:

10.1 Takes into account the views of consultation respondents regarding the Revenue Budget for 2022-23.

11 Reasons for Recommendation

11.1 When setting the Revenue Budget, the Council must be mindful of the potential impact on service users. The consultation exercises which have been undertaken in the preparation of the Revenue Budget for 2022-23 are relevant in this respect. The responses to these consultation exercises must be conscientiously taken into account when setting the Revenue Budget.

Report Author:	**Contact details:**
Eleanor Scriven	eleanor.scriven@derbyshire.gov.uk

This report has been approved by the following officers:

On behalf of: Managing Director Executive Director, Corporate Services and Transformation (S151 Officer) Director of Legal Services and Monitoring Officer	

Appendix One

Implications

Financial

1.1 The outcomes of these consultations should be used to inform service planning and help determine budget priorities.

Legal

2.1 Members are invited to have regard to the advice contained in the Revenue Budget Report 2022-23. In addition:

2.2 Under section 65 of the Local Government Finance Act 1992, as a major precepting authority, the Council has a statutory duty to consult ratepayer representatives on its annual expenditure proposals, ahead of setting its budget. Certain prescribed information must be sent to the persons the Council proposes to consult as soon as practicable and, in any event, not later than 15 February by virtue of the Non-Domestic Ratepayer (Consultation) Regulations 1992.

2.3 The Council also has a statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness and when determining how to discharge this duty has to consult representatives of a wide range of local persons.

2.4 In performing these statutory duties the Council must have regard to statutory guidance issued by the Secretary of State.

2.5 The obligations set out in the Budget and Policy Framework included in the Constitution are as outlined in the body of the report.

2.6 Case law has established minimum requirements of consultation, which are:

- Consultation must be at a time when proposals are at a formative stage.
- Sufficient information must be given to permit a person to “give an intelligent consideration and response”.
- Adequate time must be given for consideration and response.
- The results of the consultation must be conscientiously taken into account in finalising any proposal and provided to the decision maker to inform their decision.

2.7 The type and extent of consultation must be proportionate to the potential impact of the proposals. The consultation exercise will be conducted in a timely fashion to enable sufficient time for the budget to be approved by Cabinet and Council in accordance with the timescales set out in the report.

2.8 The consultation activities set out in the report meet the necessary legislative and Constitutional requirements.

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 Members are invited to have regard to the advice contained in the Revenue Budget Report 2022-23.

Corporate objectives and priorities for change

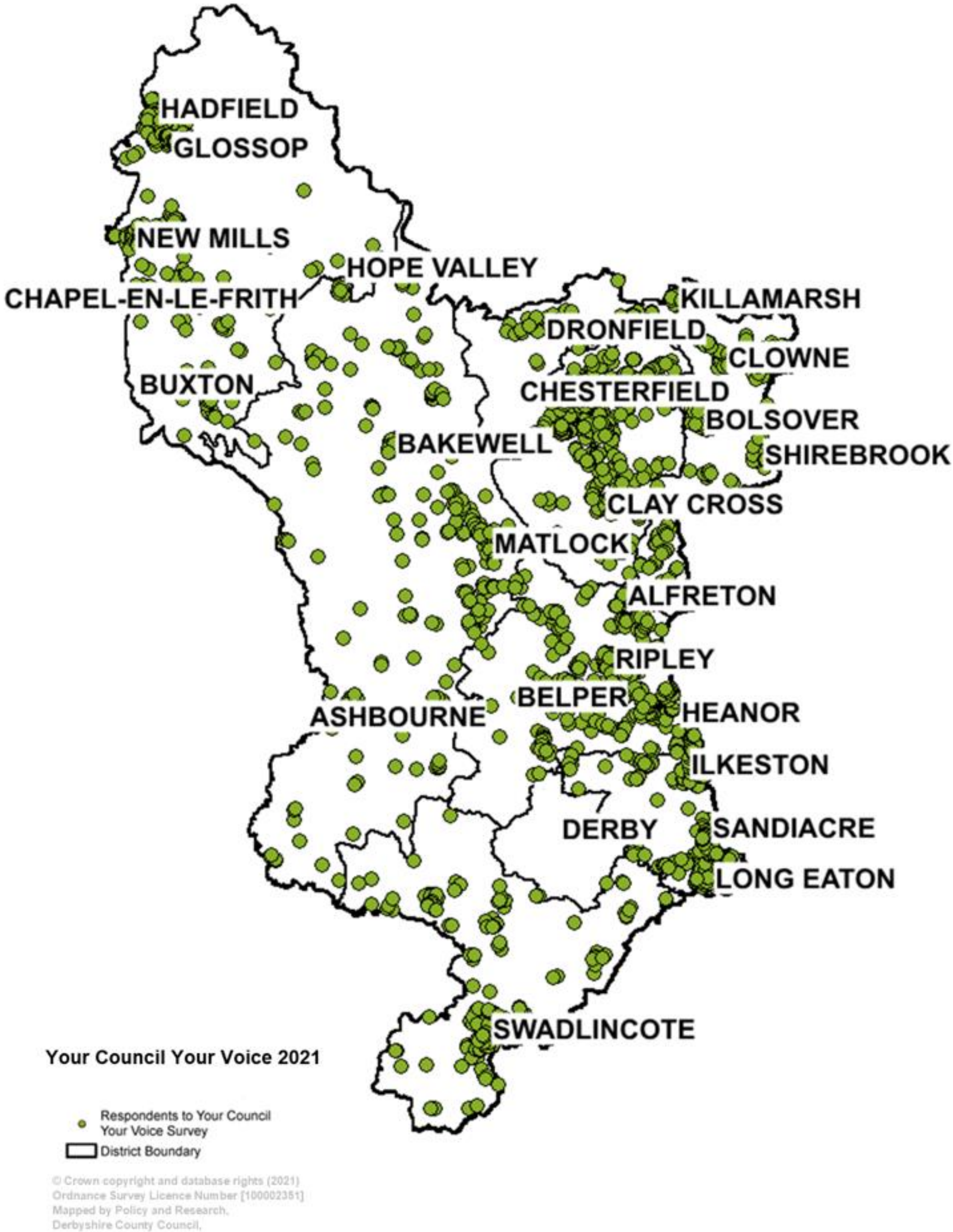
6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

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

Map - Location of Your Council Your Voice 2021 Survey Respondents



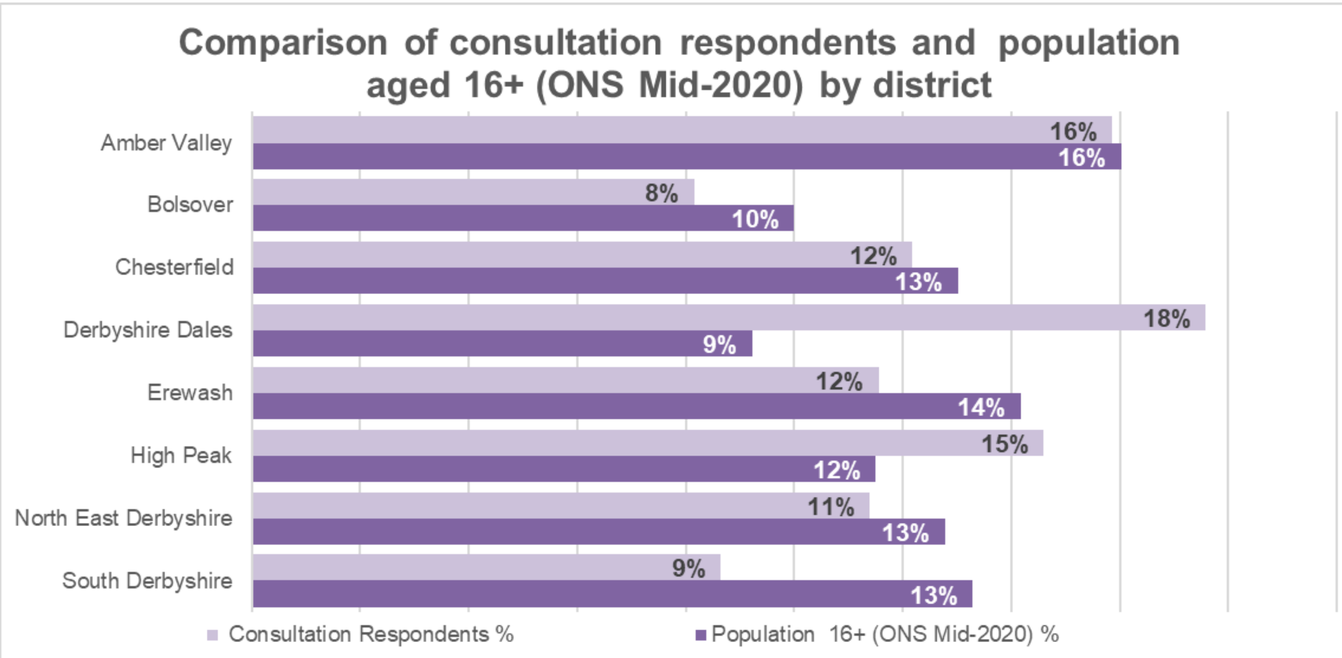
Demographic Profile of Budget Consultation Respondents

A total of 2,611 people responded to the consultation, but the analysis included in this report looks at the analysis of 2,550 respondents. This excludes the responses of 25 people who lived outside Derbyshire and 33 people who submitted multiple entries. The total number of respondents will vary for individual questions as not all respondents answered all of the questions. All responses were completed online. A small number of paper questionnaires were posted out to residents, but none were returned.

Location

The Derbyshire District of consultation respondents supplying a valid postcode has been compared to the distribution of the Derbyshire population aged 16+ according to the latest Office for National Statistics (ONS) mid-year population estimates for 2020.

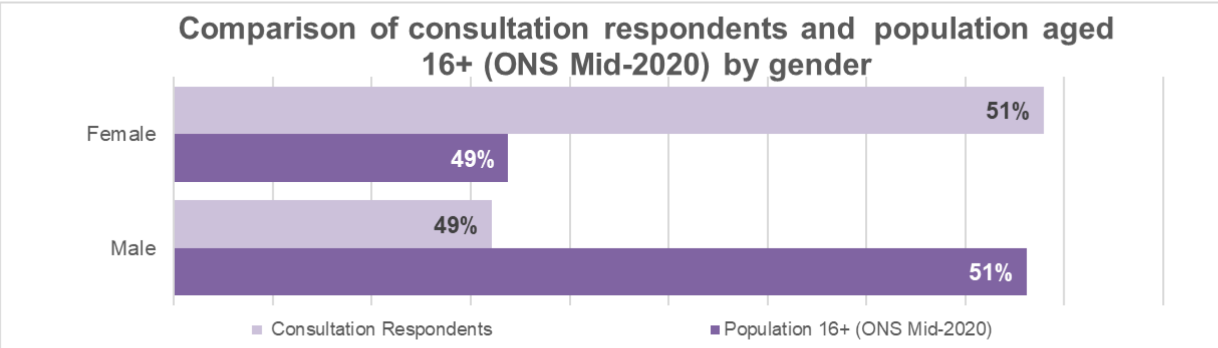
District	Consultation Respondents		Population 16+ (ONS Mid-2020)		Difference (Respondents - Population)	
	Number	%	Number	%		
Amber Valley	387	16%	107,245	**16%**	-0.2%	↓
Bolsover	199	8%	66,935	10%	-1.8%	↓
Chesterfield	297	12%	87,121	13%	-0.8%	↓
Derbyshire Dales	429	**18%**	61,763	9%	8.4%	↑
Erewash	282	12%	94,840	14%	-2.6%	↓
High Peak	356	15%	77,017	12%	3.1%	↑
North East Derbyshire	278	11%	85,524	13%	-1.4%	↓
South Derbyshire	211	9%	88,958	13%	-4.6%	↓
Total	**2,439**	**100%**	**669,403**	**100%**		



Gender

The gender and age profile of respondents have also been compared to the profile of all residents as given by the mid-2020 ONS population estimates.

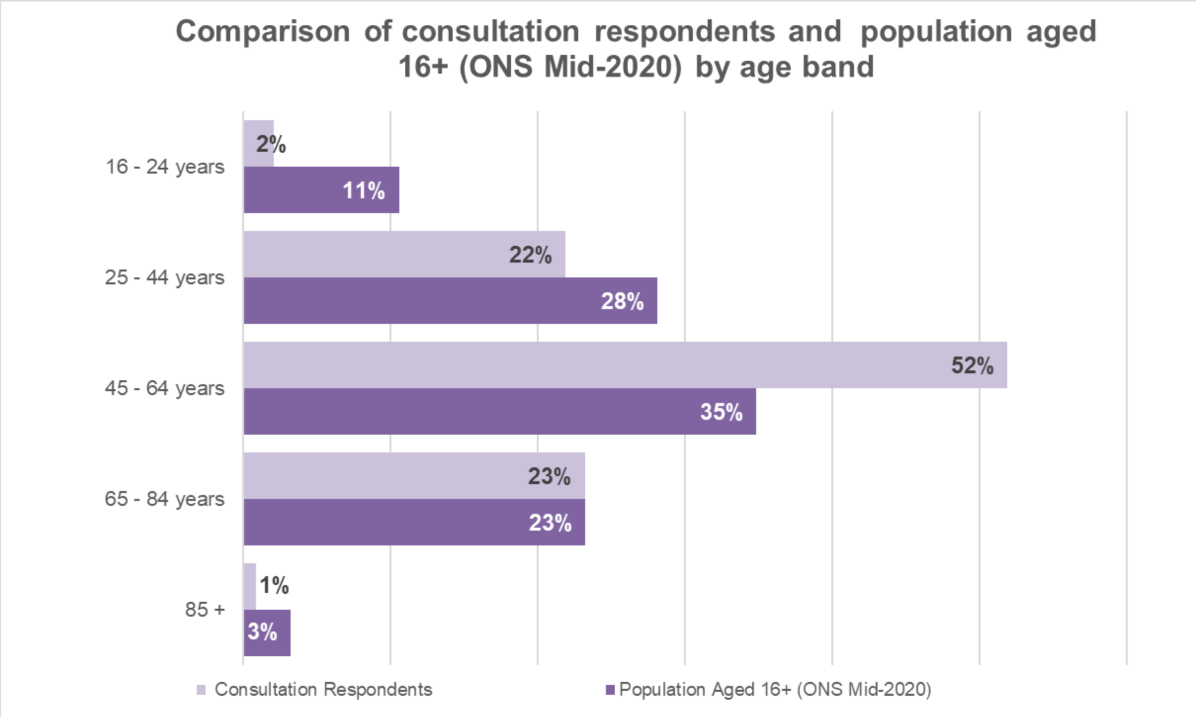
Gender	Consultation Respondents		Population 16+ (ONS Mid-2020)		Difference (Respondents - Population)
	Number	%	Number	%	
Female	1,289	51%	325,927	49%	2.7%
Male	1,219	49%	343,476	51%	-2.7%
Total	**2,508**	**100%**	**669,403**	**100%**	



Age

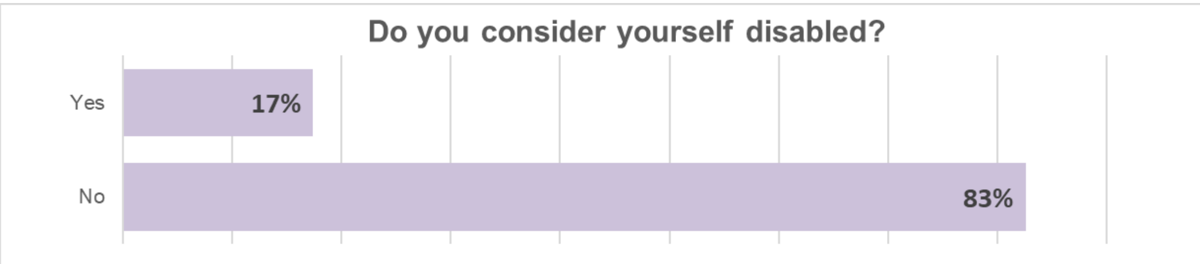
Age Band	Consultation Respondents		Population Aged 16+ (ONS Mid-2020)		Difference (Respondents - Population)
	Number	%	Number	%	
16 - 24 years	44	2%	70,854	11%	-8%
25 - 44 years	455	22%	188,274	28%	-6.2%
45 - 64 years	1,078	52%	233,306	35%	17.0%
65 - 84 years	482	23%	155,464	23%	0.0%
85 +	18	1%	21,505	3%	-2.3%
Total 16 or over	**2,077**	**100%**	**669,403**	**100%**	

The average age of respondents was 56 years.



Disability

Do you consider yourself disabled?	Consultation Respondents	
	Number	%
Yes	421	17%
No	1,995	83%
Total	**2,416**	**100%**

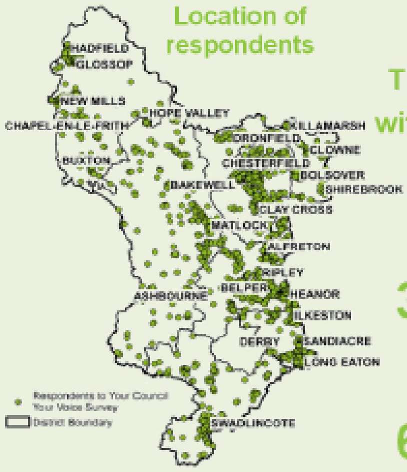


Infographic – Your Council Your Voice 2021 Survey Summary Results

Your Council Your Voice Headline Results 2021

2,550 residents responded to the survey which asked for views on a range of Council services and priorities, support and living in Derbyshire

Location of respondents



51% of respondents were female

The average age of respondents was **56** years with the youngest being **16** and the oldest **90**

42% were satisfied with how the the Council runs things

36% had given unpaid help to groups, clubs or organisations once at least once a month

47% said they trust the Council

66% agreed Derbyshire is a safe place to live

73% were satisfied with their local area as a place to live

Percentage of residents who agreed that the Council:

- Stands up for Derbyshire - 49%
- Keeps people informed about decisions - 43%
- Makes it easy to access services - 40%
- Treats people fairly - 41%
- Provides value for money - 29%

Percentage who were satisfied or dissatisfied with services:

highest satisfaction levels:

Service	%
Countryside services e.g. trails & country parks	74
Waste & recycling centres	68
Libraries	55

highest dissatisfaction levels:

Service	%
Highway services including planning & maintenance	55
Public Health	35
Support for vulnerable children & families	32

Policy & Research - November 2021

Source: Derbyshire County Council Your Council Your Voice Survey 2021

DERBYSHIRE County Council

CONTROLLED

Appendix Five

Infographic – Your Council Your Voice 2021 Focus Groups Summary

Derbyshire Budget Consultation Online Focus Groups November/December 2021

33 residents took part in 5 online\focus groups

16 of those taking part were male and 17 female

The average age of those attending was 63 years, the youngest person was 32 and the oldest 88

What does 'Value for Money' mean?

Generally people agreed it was difficult to judge value for money, they felt it would be useful to be given additional information to make value judgements including:

Budget information

Services provided

What influences levels of satisfaction?

councillor
community
communications
quality
trust
outcomes
involvement
information
honesty
co-design
performance
co-production
transparency
feedback
perception

Why are services selected as priorities?

The top 3 priorities from the survey are:

- Highway services
- Waste & recycling centres
- Environmental policy inc. flooding & climate change

Why?

- We all use roads in some way
- We all need to consider our actions on the planet
- We all produce waste

Priorities may vary depending on:

- How people are answering the survey
- Lack of understanding of services/information
- Respondents personal agenda

Policy & Research December 2021

Source: Derbyshire County Council Budget Online Focus Groups November/December 2020

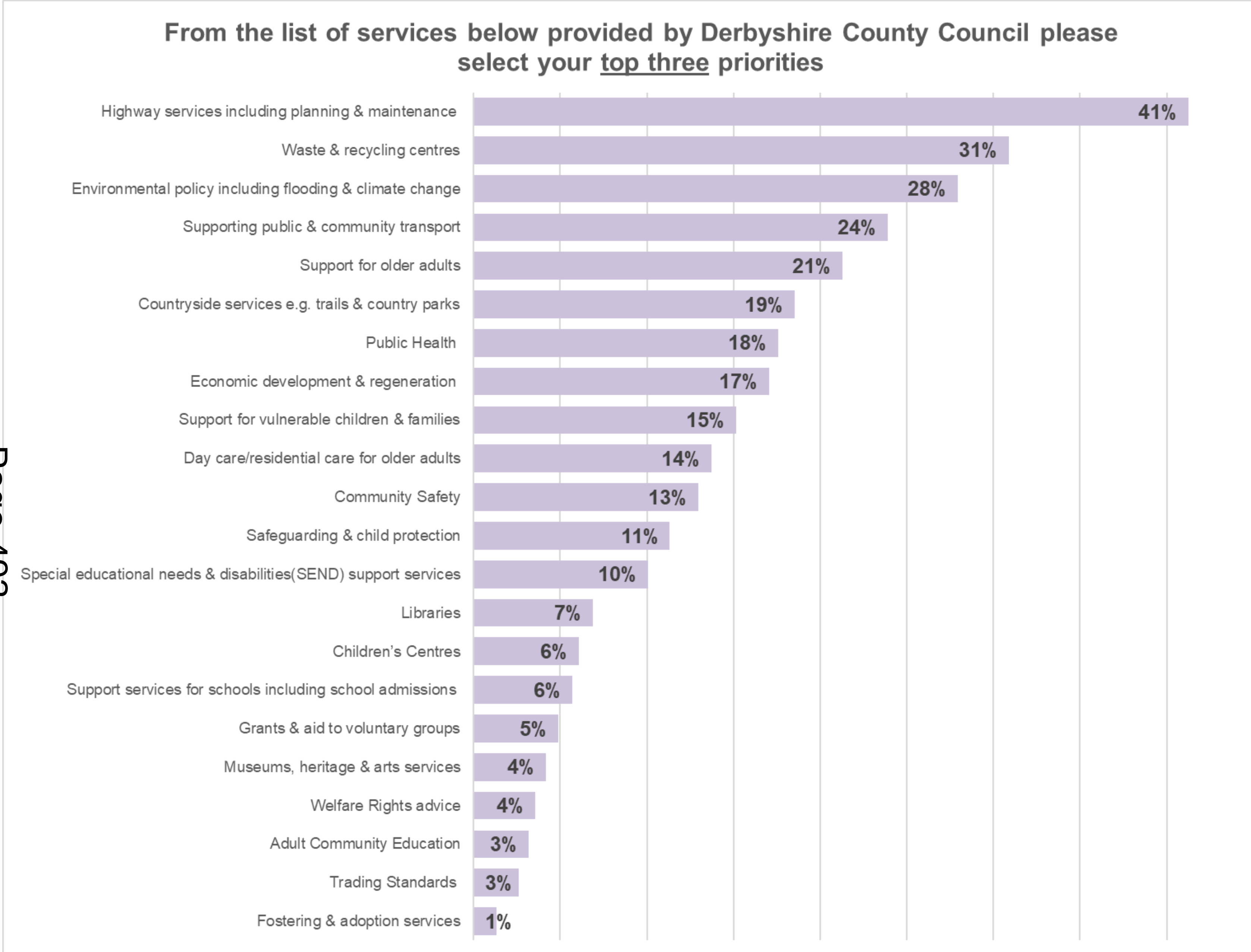
DERBYSHIRE County Council

Budget Consultation - Analysis of Consultation Responses

All Derbyshire Respondents

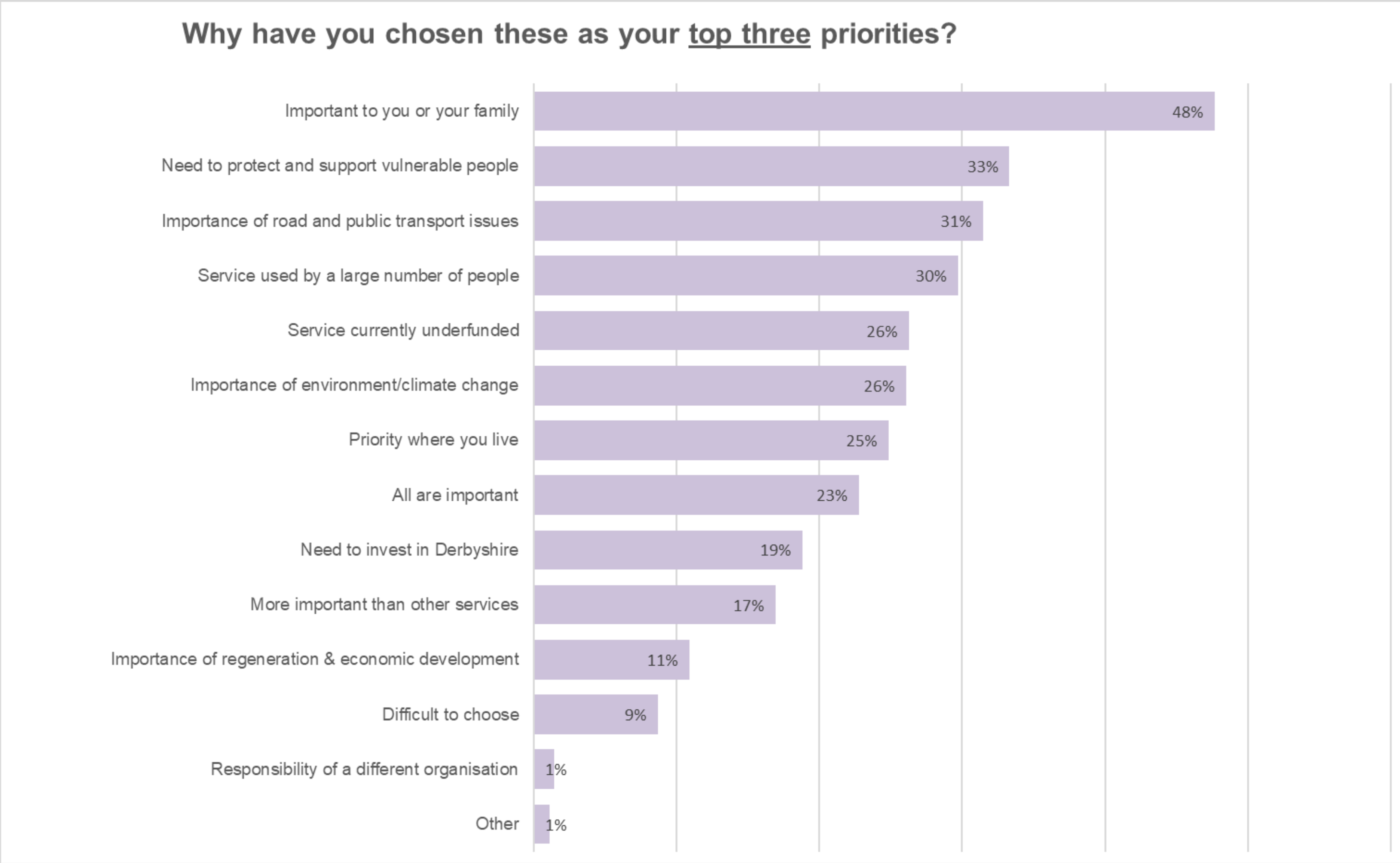
From the list of services below provided by Derbyshire County Council please select your top three priorities:

From the list of services below provided by Derbyshire County Council please select your top three priorities:			
Priority	**Consultation responses**		
	Number	**%**	**Rank**
Highway services including planning & maintenance	1,046	**41%**	**1**
Waste & recycling centres	784	**31%**	**2**
Environmental policy including flooding & climate change	708	**28%**	**3**
Supporting public & community transport	606	24%	4
Support for older adults	539	21%	5
Countryside services e.g. trails & country parks	470	19%	6
Public Health	445	18%	7
Economic development & regeneration	433	17%	8
Support for vulnerable children & families	385	15%	9
Day care/residential care for older adults	349	14%	10
Community Safety	329	13%	11
Safeguarding & child protection	286	11%	12
Special educational needs & disabilities(SEND) support services	256	10%	13
Libraries	175	7%	14
Children's Centres	154	6%	15
Support services for schools including school admissions	144	6%	16
Grants & aid to voluntary groups	124	5%	17
Museums, heritage & arts services	106	4%	18
Welfare Rights advice	90	4%	19
Adult Community Education	81	3%	20
Trading Standards	66	3%	21
Fostering & adoption services	33	1%	22
Total	**7,609**		


From the list of services below provided by Derbyshire County Council please select your top three priorities
Highway services including planning & maintenance 41%
Waste & recycling centres 31%
Environmental policy including flooding & climate change 28%
Supporting public & community transport 24%
Support for older adults 21%
Countryside services e.g. trails & country parks 19%
Public Health 18%
Economic development & regeneration 17%
Support for vulnerable children & families 15%
Day care/residential care for older adults 14%
Community Safety 13%
Safeguarding & child protection 11%
Special educational needs & disabilities(SEND) support services 10%
Libraries 7%
Children's Centres 6%
Support services for schools including school admissions 6%
Grants & aid to voluntary groups 5%
Museums, heritage & arts services 4%
Welfare Rights advice 4%
Adult Community Education 3%
Trading Standards 3%
Fostering & adoption services 1%

Why have you chosen these services as your top three priorities?

Why have you chosen these services as your top three priorities:			
	Consultation responses		
	Number	%	Rank
Important to you or your family	**1,538**	**48%**	**1**
Need to protect and support vulnerable people	**1,076**	**33%**	**2**
Importance of road and public transport issues	**1,015**	**31%**	**3**
Service used by a large number of people	961	30%	4
Service currently underfunded	850	26%	5
Importance of environment/climate change	842	26%	6
Priority where you live	801	25%	7
All are important	737	23%	8
Need to invest in Derbyshire	608	19%	9
More important than other services	547	17%	10
Importance of regeneration & economic development	353	11%	11
Difficult to choose	281	9%	12
Responsibility of a different organisation	46	1%	13
Other	35	1%	14


Why have you chosen these as your top three priorities?
Important to you or your family
48%
Need to protect and support vulnerable people
33%
Importance of road and public transport issues
31%
Service used by a large number of people
30%
Service currently underfunded
26%
Importance of environment/climate change
26%
Priority where you live
25%
All are important
23%
Need to invest in Derbyshire
19%
More important than other services
17%
Importance of regeneration & economic development
11%
Difficult to choose
9%
Responsibility of a different organisation
1%
Other
1%

Only 1% of respondents chose "Other" as an option, fourteen of the comments duplicated the question options; the remaining have been grouped into a range of topics including:

- Important of health and wellbeing (4)
- Support the children and young people of Derbyshire (4)
- Resource currently not up to standard (2)

Examples of comments include:

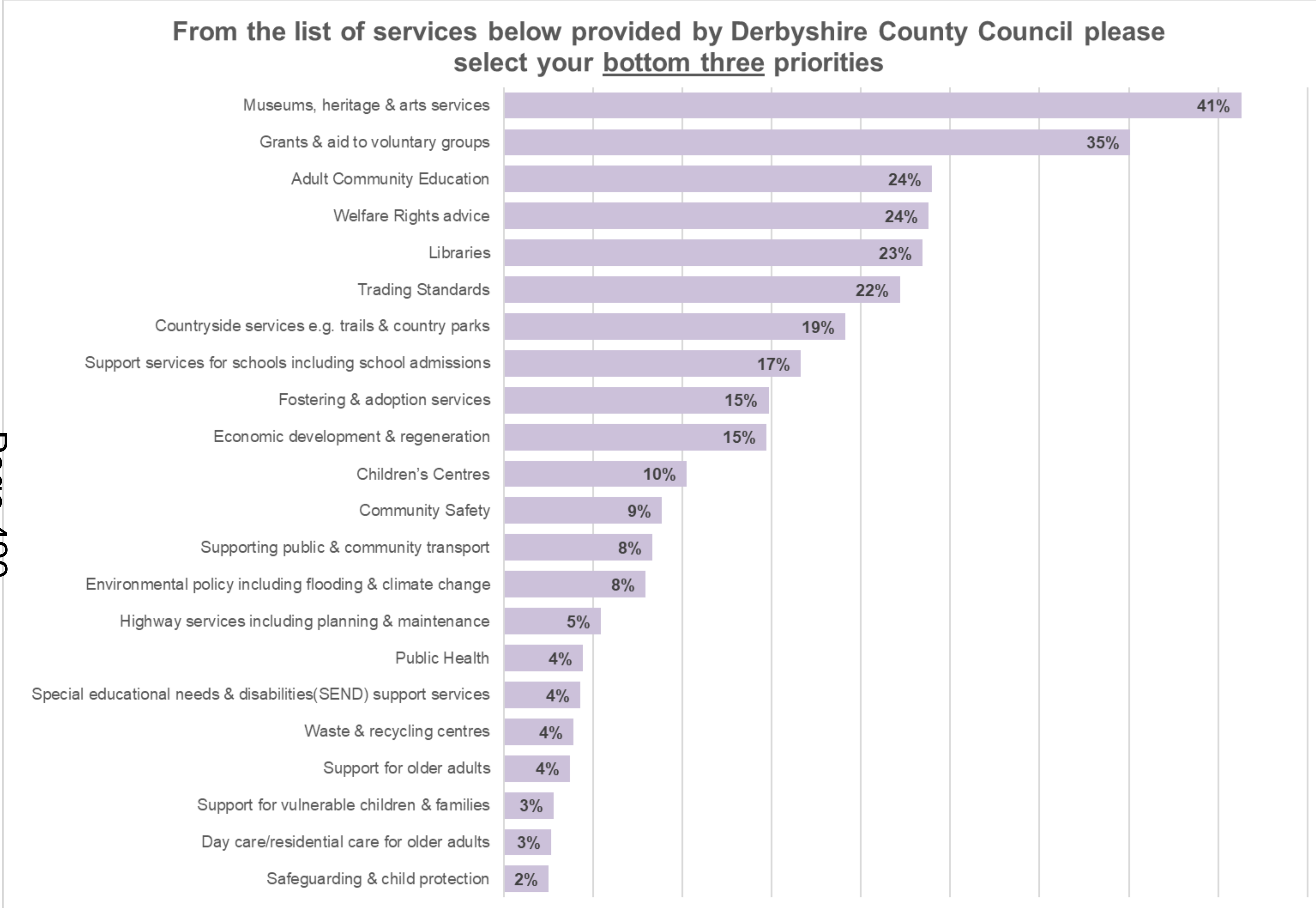
- Trading Standards should be restored to be "in house", bringing back the high level of customer advice and protection we previously enjoyed, especially in regard to on-line trading and fraudulent commerce.
- Children's services are important because children will shape the future of our community.
- Public transport services (not roads). Climate change mitigation has to be the top, without it none of rest will matter
- Highways Winter Maintenance, particularly ploughing off deep snowdrifts is very important in addition to the above items, gritting less so.
- These services affect the most vulnerable and impact on future generations.
- Steps needed to continue to protect against Covid-19 adverse effects.
- There is a lot of support for the young, old and vulnerable. As none of these what is the great mass of the people getting for our money?
- Residential care needs reforming and bringing back into public service management. The private sector is financially abusing the public and the public purse.
- Libraires connect people, provide face to face advice/signposting, help with literacy and make reading free - helping wellbeing - the library staff are excellent resource.
- I believe schools are the centre of raising new generations responsibly, they are essential support for those in need. The environment is essential to sustain life on earth. Arts and heritage are the backbone of our culture and are increasingly underfunded.
- The significance of not doing enough on climate change will impact on everything we do and cost significantly more.
- Smaller, less priority services such as welfare rights advice, can prevent people needing high cost services
- The environment is an extremely important issue, especially right now when outdoor access is so crucial to mental health during the pandemic.
- Rather than focus on distribution of funds, the focus should be on value for money/productivity of the service. How to achieve the same or more on reduced funds.
- You provide opportunity for people to learn. Those people can then change and develop. More skills and knowledge bring on more confidence.

- I believe these three choices underpin many of the others on the list and need solid foundations upon which the others can be incorporated.
- Local business is important. Need to get away from using big business and support local. Need to protect wildlife and the environment. Make animal crossings under/over roads. Many roads are dangerous...too fast, too narrow, truck drivers are dangerous, not enough parking space.
- Would have included support for voluntary agencies but I fear there is too much reliance on, and responsibility off loaded onto, volunteers, that should be a Council role. Increasing how much those of us with sufficient income pay in Council Tax would be a better way to manage budget than to cut inadequate services.

From the list of services below provided by Derbyshire County Council please select your <u>bottom three</u> priorities:

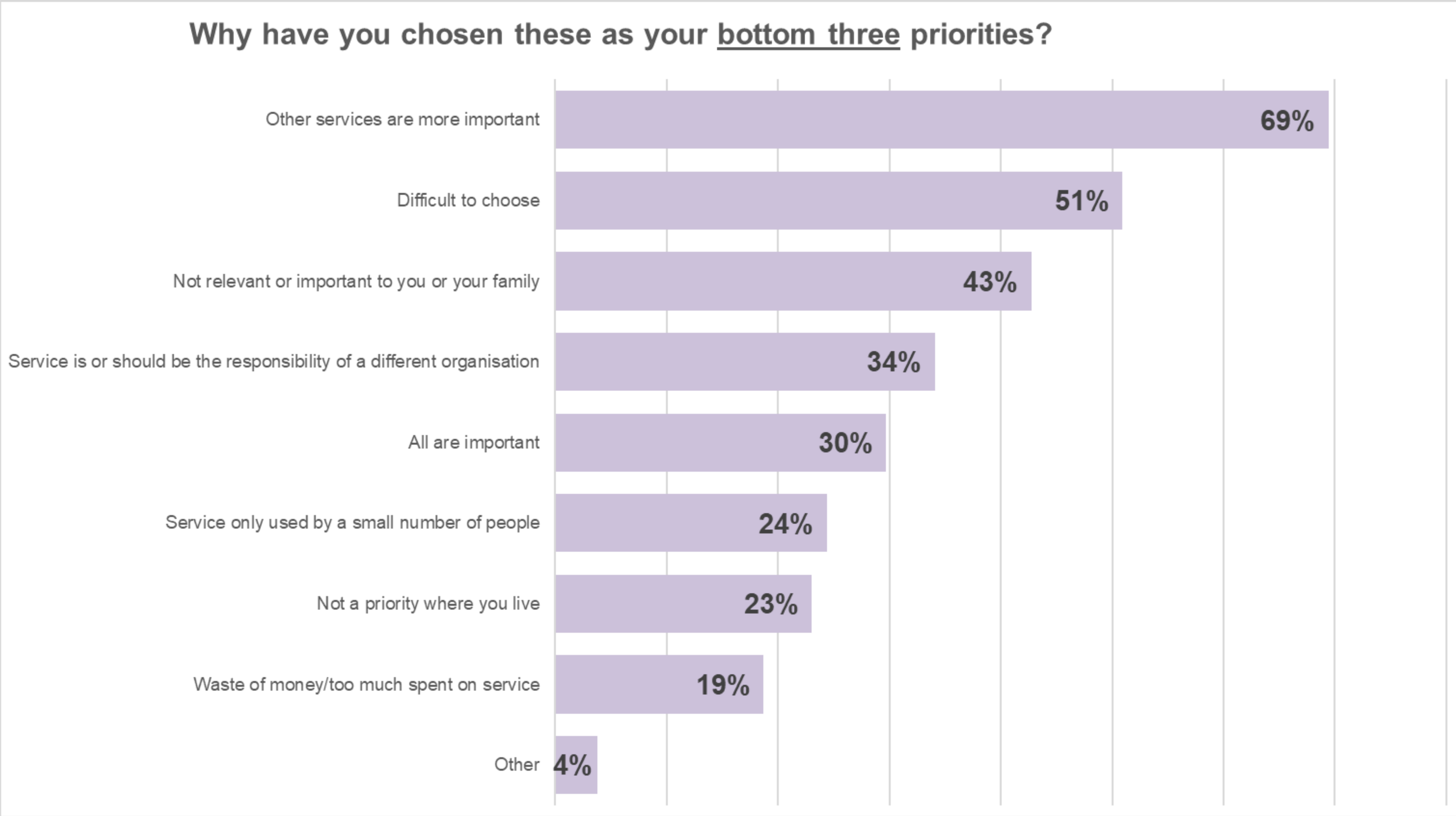
From the list of services below provided by Derbyshire County Council please select your bottom three priorities:			
Priority	**Consultation Responses**		
	Number	**%**	**Rank**
Museums, heritage & arts services	943	**41%**	**1**
Grants & aid to voluntary groups	802	**35%**	**2**
Adult Community Education	548	**24%**	**3**
Welfare Rights advice	543	24%	4
Libraries	534	23%	5
Trading Standards	507	22%	6
Countryside services e.g. trails & country parks	437	19%	7
Support services for schools including school admissions	380	17%	8
Fostering & adoption services	339	15%	9
Economic development & regeneration	336	15%	10
Children's Centres	234	10%	11
Community Safety	202	9%	12
Supporting public & community transport	190	8%	13
Environmental policy including flooding & climate change	181	8%	14
Highway services including planning & maintenance	124	5%	15
Public Health	101	4%	16
Special educational needs & disabilities(SEND) support services	98	4%	17
Waste & recycling centres	89	4%	18
Support for older adults	84	4%	19
Support for vulnerable children & families	64	3%	20
Day care/residential care for older adults	61	3%	21
Safeguarding & child protection	57	2%	22
Total	**6,854**		

Appendix Six



Why have you chosen these services as your bottom three priorities?

Why have you chosen these services as your bottom three priorities:			
	Consultation responses		
	Number	%	Rank
Other services are more important	**1,205**	**69%**	**1**
Difficult to choose	**884**	**51%**	**2**
Not relevant or important to you or your family	**742**	**43%**	**3**
Service is or should be the responsibility of a different organisation	592	34%	4
All are important	516	30%	5
Service only used by a small number of people	423	24%	6
Not a priority where you live	400	23%	7
Waste of money/too much spent on service	325	19%	8
Other	65	4%	9
Total	**5,152**		


Why have you chosen these as your bottom three priorities?
Other services are more important
69%
Difficult to choose
51%
Not relevant or important to you or your family
43%
Service is or should be the responsibility of a different organisation
34%
All are important
30%
Service only used by a small number of people
24%
Not a priority where you live
23%
Waste of money/too much spent on service
19%
Other
4%

4% of respondents chose “Other” as an option, the details provided by these respondents has been summarised into a range of topics including:

- All services are important (22).
- Difficult to choose or could not choose (10).
- Already getting enough support (6).
- Only made the choice because they had to (4).

Examples of comments include:

- Feel they should be addressed by central government.
- Highways - money should be spent on reducing vehicular use and supporting green travel.
- It is hard to choose as all services are important.
- Lots of help for adults wishing to learn at the library.
- You cannot compare without an indication of the % cost of each service.
- They are all important but when you have to balance the books you have to make difficult choices.
- Good provision already in place for recycling.
- All are worthy, but prioritising has to take place, on number of people affected by any activity.
- Doesn’t need more money spent on it.
- The relative impact of county council spending on, for example, ‘economic regeneration’ is minor.
- So much info is available online, the service can be delivered differently and resources diverted.
- Lower priority when resources are scarce and needed to be spent elsewhere.
- Community Safety must be a combined budget responsibility with Police/ HM Treasury and National Ambulance.
- Some of the other services are a statutory duty e.g. safeguarding.
- Voluntary groups should be self-funding - when I see Council money spent it often seems to lack value for money.
- You can use the Internet to resolve welfare queries – it doesn’t have to be face to face.
- Libraries are less important with the advance of technology.
- Greater priority should be given by national government.
- I either don’t use these services or feel that plenty of money is already spent on them.
- Because I think there is already plenty of money spent in these areas.
- Some cannot be utilised or waiting lists are too long.
- All important but by focusing on regeneration and community safety other issues can be resolved.
- Those selected are important, however could be delivered in the private sector if needed.

- They are all important to a well-balanced society but in different degrees to different people.
- Trading standards are terrible and should be the responsibility of other departments.
- Other funding streams are available, and it shouldn't always be the responsibility of the Council.
- Already adequately supported and financed.

Please rank the following options that the Council could use to save money or raise additional revenue from 1 to 9 in order of importance.
(Please rank the option you consider most important as 1, the second most important as 2 through to the least important option as 9)

Rank		Option
	1	Work with other councils to deliver ‘shared services’
	2	Use other ways of delivering services such as local trusts or other ‘not for profit’ partnerships
	3	Put more services on-line
	4	Use Council assets to win business from the private sector
	5	Reduce the number of properties the Council owns
	6	Reduce or stop delivery of less important services
	7	Maintain services but do less frequently or reduce level of service
	8	Increase charges for services supplied to the public
	9	Increase Council Tax

If you have any other suggestions for how you think the Council could save money or raise additional revenue, please provide details.

Most people (1,579) did not make any suggestions on alternative ways for saving money or raising additional revenue. An additional 94 people referred to services that were provided by district/borough councils or other organisations such as the Government or health.

The remaining comments were grouped into a range of topics including:

- Staffing issues (168 respondents) - including reducing the number, pay, sick leave and pensions of managers and staff and using fewer consultants. Also, continually reviewing services to improve efficiency, providing value for money whilst maintaining quality of services, and embracing modern ways of working and best practice, such as working from home and holding online meetings.
- Increasing funding (74 respondents) - various ways including lobbying Government, instigating a local lottery and using the private sector to help raise finance.
- Highways issues (73 respondents) - concerned about issues such as the quality of work on potholes, leading to additional spending.
- Developing Council sites (47 respondent) – selling or leasing buildings and property or renting out unused rooms. Combining buildings to produce hubs of services.
- Combining local authorities or collaboration (36 respondents).

Examples of comments include:

- Utilise online presence to free up resources for other things.
- The Council should do more to challenge underfunding from Government.
- Lobby Government for the restoration of the Government local authority grant.
- Become a Unitary Authority covering Derbyshire.
- Do not outsource to private companies, keep everything in house with fully trained permanent staff
- Combine with other regions for a centralised resource procurement body.
- More digital services and self-service. Consider e-books instead of libraries.
- Dramatically cut back/stop funding services that are irrelevant, underused or Public Relations based.
- Yearly independent audit available to the public.
- Reduce staffing that is duplicated in other departments.
- Better management of personnel, too many people doing the same job, when better management could reduce.
- Fight for better funding from Government and more equitable funding between councils.

- Businesses to sponsor projects – for example quarry companies sponsoring eco projects, motor manufacturers sponsoring transport projects.
- Promote home working and reduce the requirement for office space.
- Combine departments; train and develop staff to work in other areas, utilising skills.
- Use more volunteers. There is an army of retired people out there. Use them.
- Promote Derbyshire tourism, for instance, walks, path maintenance.
- Involve the community more in local initiatives to reduce the reliance on the Council.
- Consistently look to cut out waste in every aspect of Council expenditure.
- Continue Council employees working from home as and where practical.
- Tender for work supplied by the private sector.
- Replace free bus passes with payment of a set fee.
- A unitary authority approach is likely to be a more cost-effective way of delivering services.
- The Government needs to let councils move money about to where the Council knows they need it.
- Promote tourism in order to raise revenue from Council owned sites and properties.
- Partner with promoters and cultural groups to deliver charged events (for instance, relating to food, concerts, films, sports).
- Get businesses to invest in return for advertising.
- Utilise on-line presence to free up resources for other things.
- Increase volunteer activities in as many ways as possible (all age groups) to help improve Derbyshire.
- Don't waste money on poor repairs to roads. Do a proper job so that repairs last.
- Ask for more money from Government.
- Monitor workforce efficiency and effectiveness with more rigour.
- Review Council land and properties. If more staff now work from home, fewer offices are required.
- Put solar panels on all Council buildings, use wind turbines, rent out office space and build on owned land.
- The Council needs to reduce the use of agencies, bringing all services back in house.
- Think long-term about decisions made today - is the Council making savings today that will cost tomorrow?
- Make efficiency savings by reducing red tape and bureaucracy, improving procurement processes and improving accuracy.
- Relocate services with other agencies to local multi agency hubs.
- The Council could involve itself in local innovation pilots and become a partner in enterprises.
- Fundamental review of workplaces required, in light of working from home.

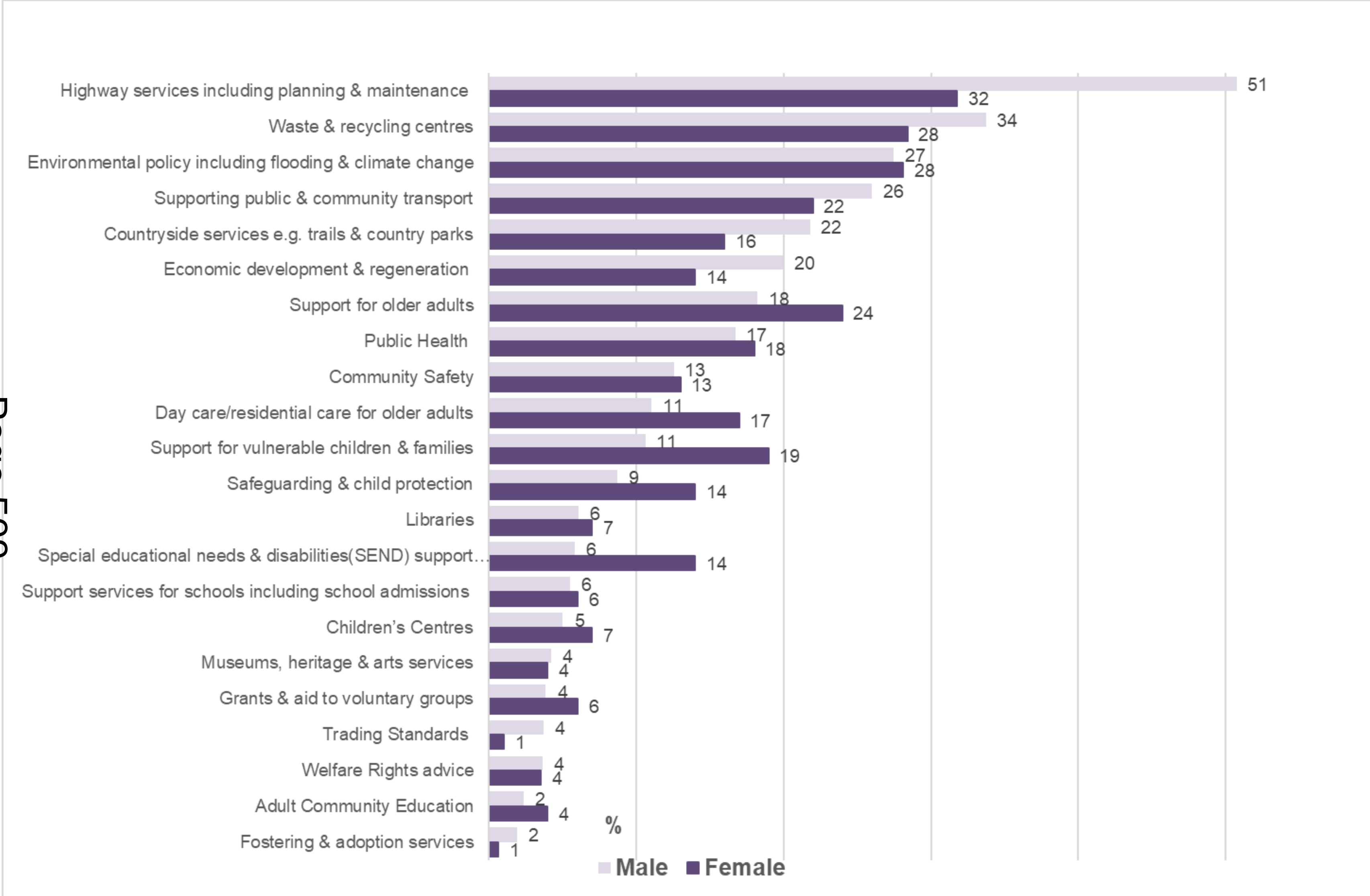
- Localised energy efficiency schemes for Council premises and employees.
- Make buildings as efficient as possible (solar panels, insulation, heating).
- Have a minimum charge for all for use of the waste recycling centres and let people bring all their waste regularly.
- Think long term - e.g. temporary repairs to potholes are not economical.
- Allow staff to work from home, sell expensive unoccupied buildings. Put services online.
- Check for duplication of services between, for example, health and social care and children's services.
- Coordinate services to prevent overlap or repetition, including with other organisations.
- Be less wasteful and target spending for long term results, not short-term fixes, for instance resurfacing roads.
- Look at other councils who do traded services and learn from them. The Council is a high credibility “brand”.
- Collaboration with neighbouring councils. Using local providers/ service companies / products.
- Share buildings, staff and resources with local councils and health trusts. Joint working is better for all.
- Use focus groups across different sectors, age, gender and race, to raise ideas and find out what is / isn’t working.
- Think about who the Council is giving the grants to and monitor the outcomes, make sure grants are used wisely.
- The Council would save money if they repaired potholes and speed humps to prevent claims.
- Outdoor advertising - billboards, digital advertising on bus stops. It's a huge opportunity.

Analysis of Consultation Responses – All Derbyshire Respondents By Gender

From the list of services below provided by Derbyshire County Council please select your top three priorities:

Priority	Males		Females		All Respondents	
	Number	Percentage	Number	Percentage	Number	Percentage
Highway services including planning & maintenance	615	51%	408	32%	1,046	41%
Waste & recycling centres	409	34%	365	28%	784	31%
Environmental policy including flooding & climate change	333	27%	361	28%	708	28%
Supporting public & community transport	315	26%	284	22%	606	24%
Support for older adults	221	18%	311	24%	539	21%
Countryside services e.g. trails & country parks	264	22%	200	16%	470	19%
Public Health	203	17%	236	18%	445	18%
Economic development & regeneration	242	20%	186	14%	433	17%
Support for vulnerable children & families	129	11%	248	19%	385	15%
Day care/residential care for older adults	134	11%	215	17%	349	14%
Community Safety	152	13%	168	13%	329	13%
Safeguarding & child protection	106	9%	179	14%	286	11%
Special educational needs & disabilities (SEND) support services	71	6%	181	14%	256	10%
Libraries	74	6%	96	7%	175	7%
Children's Centres	61	5%	92	7%	154	6%
Support services for schools including school admissions	67	6%	74	6%	144	6%
Grants & aid to voluntary groups	47	4%	77	6%	124	5%
Museums, heritage & arts services	51	4%	55	4%	106	4%
Welfare Rights advice	44	4%	45	4%	90	4%
Adult Community Education	29	2%	47	4%	81	3%
Trading Standards	45	4%	16	1%	66	3%
Fostering & adoption services	23	2%	8	1%	33	1%
Total	**3,635**	**300%**	**3,852**	**300%**	**7,609**	**300%**

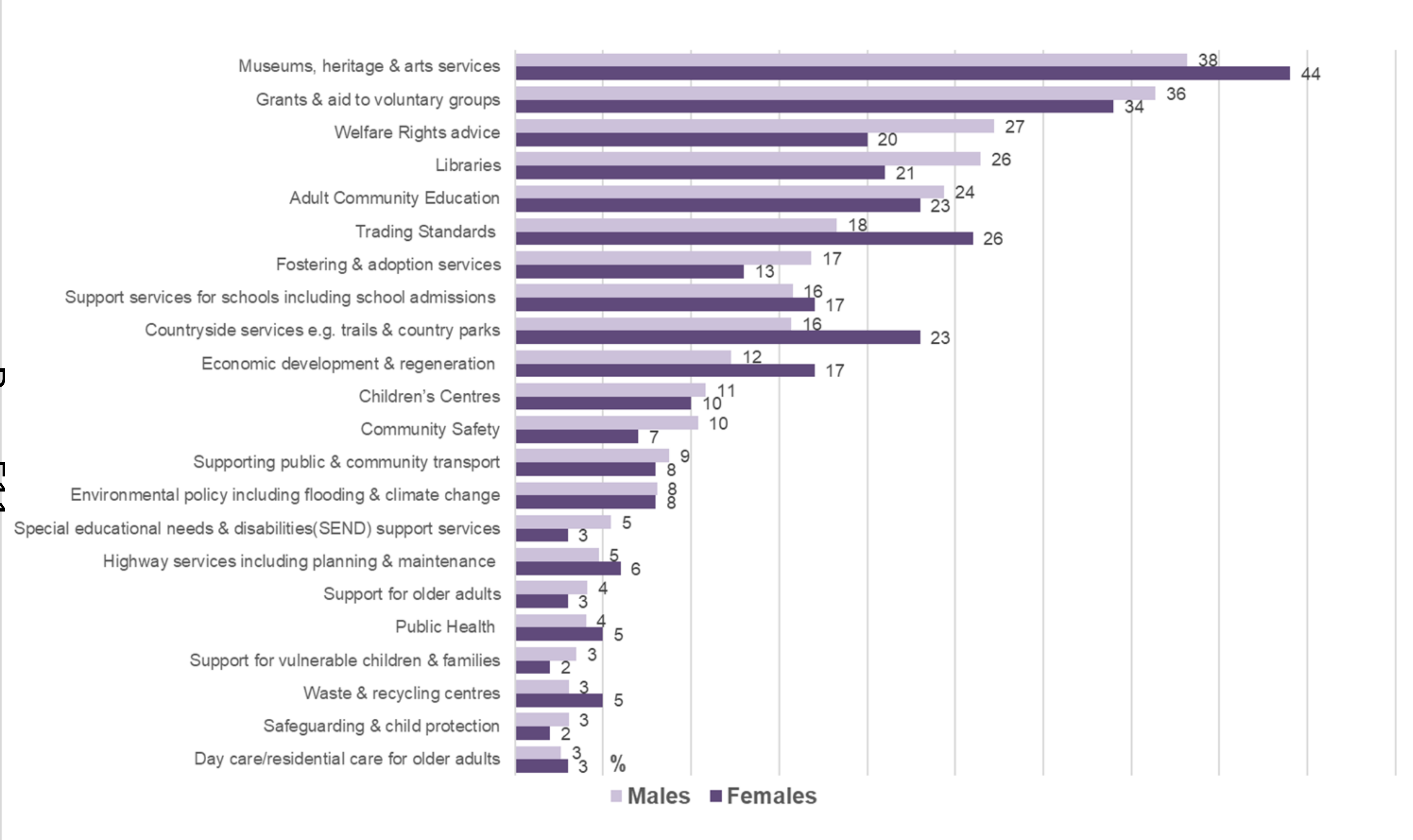
From the list of services below provided by Derbyshire County Council please select your top three priorities:



From the list of services below provided by Derbyshire County Council please select your bottom three priorities:

Priority	Male		Female		All Respondents	
	Number	Percentage	Number	Percentage	Number	Percentage
Museums, heritage & arts services	426	38%	498	44%	943	41%
Grants & aid to voluntary groups	406	36%	386	34%	802	35%
Adult Community Education	272	24%	266	23%	548	24%
Welfare Rights advice	304	27%	230	20%	543	24%
Libraries	295	26%	234	21%	534	23%
Trading Standards	204	18%	294	26%	507	22%
Countryside services e.g. trails & country parks	175	16%	257	23%	437	19%
Support services for schools including school admissions	176	16%	197	17%	380	17%
Fostering & adoption services	188	17%	148	13%	339	15%
Economic development & regeneration	137	12%	195	17%	336	15%
Children's Centres	121	11%	111	10%	234	10%
Community Safety	116	10%	83	7%	202	9%
Supporting public & community transport	98	9%	87	8%	190	8%
Environmental policy including flooding & climate change	90	8%	87	8%	181	8%
Highway services including planning & maintenance	53	5%	67	6%	124	5%
Public Health	45	4%	53	5%	101	4%
Special educational needs & disabilities (SEND) support services	61	5%	37	3%	98	4%
Waste & recycling centres	34	3%	52	5%	89	4%
Support for older adults	46	4%	37	3%	84	4%
Support for vulnerable children & families	39	3%	24	2%	64	3%
Day care/residential care for older adults	29	3%	32	3%	61	3%
Safeguarding & child protection	34	3%	22	2%	57	2%
Total	**3,349**	**300%**	**3,397**	**300%**	**6,854**	**300%**

From the list of services below provided by Derbyshire County Council please select your <u>bottom three</u> priorities:



Appendix Six

Please rank the following options that the Council could use to save money or raise additional revenue in order of importance (Please rank one option as 1, one option as 2, one as 3 etc….)			
	Consultation responses - by gender		
	Males	**Females**	**All Respondents**
	Overall rank		
Work with other councils to deliver 'shared services'	1	1	1
Use other ways of delivering services such as local trusts or other 'not for profit' partnerships	2	2	2
Put more services on-line	3	3	3
Use Council assets to win business from the private sector	6	4	4
Reduce the number of properties the Council owns	5	5	5
Reduce or stop delivery of less important services	4	7	6
Maintain services but do less frequently or reduce level of service	7	6	7
Increase charges for services supplied to the public	8	8	8
Increase Council Tax	9	9	9

Analysis of Consultation Responses – All Derbyshire Respondents By Age Group

From the list of services below provided by Derbyshire County Council please select your <u>top three</u> priorities:

Priority	Consultation responses - by age band											
	16 to 24		25 to 44		45 to 64		65 to 84		85+		All respondents	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Highway services including planning & maintenance	11	25%	161	36%	468	44%	201	42%	9	50%	1046	41%
Waste & recycling centres	8	18%	105	23%	350	33%	155	32%	6	33%	784	31%
Environmental policy including flooding & climate change	12	27%	113	25%	315	29%	149	31%	4	22%	708	28%
Supporting public & community transport	11	25%	79	17%	216	20%	148	31%	3	17%	606	24%
Support for older adults	0	0%	64	14%	245	23%	117	24%	6	33%	539	21%
Countryside services e.g. trails & country parks	10	23%	109	24%	199	19%	79	16%	1	6%	470	19%
Public Health	7	16%	95	21%	175	16%	79	16%	2	11%	445	18%
Economic development & regeneration	10	23%	85	19%	197	18%	73	15%	2	11%	433	17%
Support for vulnerable children & families	13	30%	74	16%	159	15%	65	14%	4	22%	385	15%
Day care/residential care for older adults	2	5%	37	8%	158	15%	81	17%	5	28%	349	14%
Community Safety	4	9%	68	15%	155	14%	46	10%	1	6%	329	13%
Safeguarding & child protection	11	25%	56	12%	121	11%	51	11%	2	11%	286	11%
Special educational needs & disabilities(SEND) support services	4	9%	76	17%	102	10%	37	8%	0	0%	256	10%
Libraries	3	7%	26	6%	52	5%	51	11%	3	17%	175	7%
Children's Centres	5	11%	59	13%	49	5%	20	4%	1	6%	154	6%
Support services for schools including school admissions	5	11%	45	10%	46	4%	19	4%	1	6%	144	6%
Grants & aid to voluntary groups	6	14%	22	5%	48	4%	24	5%	0	0%	124	5%
Museums, heritage & arts services	6	14%	27	6%	43	4%	15	3%	1	6%	106	4%
Welfare Rights advice	0	0%	19	4%	47	4%	7	1%	1	6%	90	4%
Adult Community Education	0	0%	22	5%	35	3%	11	2%	0	0%	81	3%
Trading Standards	1	2%	9	2%	25	2%	10	2%	0	0%	66	3%
Fostering & adoption services	3	7%	6	1%	11	1%	5	1%	2	11%	33	1%
Total	**132**	300%	**1,357**	300%	**3,216**	300%	**1,443**	300%	**54**	300%	**7,609**	300%

Appendix Six

From the list of services below provided by Derbyshire County Council please select your bottom three priorities:

Priority	Consultation responses - by age band											
	16 to 24		25 to 44		45 to 64		65 to 84		85+		All respondents	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Museums, heritage & arts services	17	39%	179	42%	397	41%	173	40%	9	51%	943	41%
Grants & aid to voluntary groups	11	25%	130	31%	324	34%	165	39%	9	51%	802	35%
Adult Community Education	11	25%	76	18%	223	23%	124	29%	6	34%	548	24%
Welfare Rights advice	4	9%	85	20%	236	25%	111	26%	5	28%	543	24%
Libraries	11	25%	109	26%	247	26%	85	20%	1	6%	534	23%
Trading Standards	17	39%	139	33%	189	20%	87	20%	1	6%	507	22%
Countryside services e.g. trails & country parks	10	23%	71	17%	164	17%	97	23%	3	17%	437	19%
Support services for schools including school admissions	7	16%	42	10%	185	19%	62	14%	4	23%	380	17%
Fostering & adoption services	6	14%	57	14%	144	15%	65	15%	4	23%	339	15%
Economic development & regeneration	8	18%	73	17%	134	14%	61	14%	2	11%	336	15%
Children's Centres	3	7%	35	8%	112	12%	43	10%	1	6%	234	10%
Community Safety	2	5%	22	5%	78	8%	49	11%	1	6%	202	9%
Supporting public & community transport	0	0%	55	13%	81	8%	23	5%	0	0%	190	8%
Environmental policy including flooding & climate change	3	7%	34	8%	73	8%	34	8%	1	6%	181	8%
Highway services including planning & maintenance	7	16%	38	9%	43	4%	15	4%	2	11%	124	5%
Public Health	2	5%	15	4%	46	5%	20	5%	1	6%	101	4%
Special educational needs & disabilities(SEND) support services	1	2%	11	3%	61	6%	14	3%	1	6%	98	4%
Waste & recycling centres	6	14%	32	8%	30	3%	9	2%	1	6%	89	4%
Support for older adults	1	2%	28	7%	33	3%	10	2%	0	0%	84	4%
Support for vulnerable children & families	0	0%	4	1%	37	4%	15	4%	0	0%	64	3%
Day care/residential care for older adults	3	7%	20	5%	27	3%	7	2%	1	6%	61	3%
Safeguarding & child protection	0	0%	10	2%	25	3%	15	4%	0	0%	57	2%
Total	**130**	300%	**1,265**	300%	**2,889**	300%	**1,284**	300%	**53**	300%	**6,854**	300%

Please rank the following options that the Council could use to save money or raise additional revenue in order of importance (Please rank one option as 1, one option as 2, one as 3 etc....)						
	Consultation responses - by age band					
	16 to 24	**25 to 44**	**45 to 64**	**65 to 84**	**85+**	**All respondents**
	Overall rank					
Work with other councils to deliver 'shared services'	1	1	1	1	1	1
Use other ways of delivering services such as local trusts or other 'not for profit' partnership	2	3	2	2	2	2
Put more services on-line	3	2	3	4	6	3
Use Council assets to win business from the private sector	4	4	4	7	5	4
Reduce the number of properties the Council owns	7	5	5	5	4	5
Reduce or stop delivery of less important services	5	7	6	3	3	6
Maintain services but do less frequently or reduce level of service	6	6	7	6	7	7
Increase charges for services supplied to the public	8	8	8	8	9	8
Increase Council Tax	9	9	9	9	8	9

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Joint Report of the Managing Director and the
Executive Director, Corporate Services and Transformation

Revenue Budget Report 2022-23

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a Key Decision.

3 Purpose of the Report

3.1 To propose a Revenue Budget and Council Tax for 2022-23. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2022-23, the Reserves Position Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23 Report.

4 Information and Analysis

4.1 The budget has been constructed in the context of currently known information. Details of the Final Local Government Finance Settlement are expected to be published in early February 2022. Information relating to the funding and income streams to the Council are set out in Appendix Two. The report commences with details of the in-year position, including the impact of Covid-19, details of the Autumn Budget and Spending Review 2021, and the Provisional Local Government Finance Settlement, including Council Tax levels, before identifying the service pressures facing the Council and consequent budget savings required. The report concludes with comments on the Council's financial standing and the robustness of the estimates made in preparing the budget.

4.2 Forecast Revenue Outturn 2021-22

4.2.1 The Revenue Budget 2022-23 is set in the context of the current in-year financial position. The forecast outturn for 2021-22 as at Quarter 2 (30 September 2021), compared to controllable budget, was reported to Cabinet on 13 January 2022 and is summarised below. The Covid-19 pandemic is continuing to have a significant impact on the Council's finances in 2021-22. 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	Use of DLUHC Covid-19 & SFC Grant Funding	Adjusted Budget	Forecast Actuals	Projected Outturn	Budget Performance
	£ Millions	£ Millions	£ Millions	£ Millions	£ Millions	
Adult Care	256.903	4.058	260.961	267.223	6.262	
Clean Growth and Regeneration	0.828	0.026	0.854	0.844	-0.010	
Corporate Services and Budget	48.035	1.071	49.106	54.053	4.947	
Children's Services and Safeguarding	137.113	4.645	141.758	147.251	5.493	
Health and Communities	8.537	0.095	8.632	7.539	-1.093	
Highways and Transport	30.747	1.228	31.975	34.652	2.677	
Infrastructure & Environment	42.692	2.956	45.648	45.821	0.173	
Strategic Leadership, Culture,Tourism and Climate Change	12.763	0.079	12.842	12.937	0.095	
Total Portfolio Outturn	**537.618**	**14.158**	**551.776**	**570.320**	**18.544**	
Risk Management	24.280	0.000	24.280	3.813	-20.467	
Debt Charges	28.767	0.000	28.767	27.958	-0.809	
Interest and Dividend Income	-4.099	1.206	-2.893	-5.056	-2.163	
Levies and Precepts	0.354	0.000	0.354	0.357	0.003	
Corporate Adjustments	4.930	0.555	5.485	5.214	-0.271	
Total	**591.850**	**15.919**	**607.769**	**602.606**	**-5.163**	

4.2.2 An overall Council underspend of £5.163m is forecast, after accounting for use of £15.919m of non-ringfenced grant funding provided by the Department for Levelling Up Housing & Communities (DLUHC) to support local authorities with the impacts of the Covid-19 pandemic. This includes funding from:

- compensation for lost sales, fees and charges (SFC) 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. Any unspent balance of specific Covid-19 grants at the year-end will be earmarked for carry forward to set alongside related Covid-19 costs in 2022-23.

4.2.3 A summary of forecast portfolio Covid-19 impacts, showing use of specific funding for portfolio Covid-19 costs and use of non-ringfenced Covid-19 emergency grant funding against the balance of these portfolio costs, is provided below:

Portfolios – Forecast Covid-19 Gross Costs and Additional Income

	Covid-19 Related Costs £m	LESS: Specific Funding for Portfolio Covid-19 Costs £m	Use of DLUHC Covid-19 and SFC Grant Funding £m
Adult Care	18.154	(14.096)	4.058
Clean Growth and Regeneration	0.026	0.000	0.026
Corporate Services and Budget	1.071	0.000	1.071
Childrens Services and Safeguarding	8.593	(3.948)	4.645
Health and Communities	7.747	(7.652)	0.095
Highways and Transport	1.228	0.000	1.228
Infrastructure and Environment	2.956	0.000	2.956
Strategic Leadership, Culture, Tourism and Climate Change	0.079	0.000	0.079
Total Portfolio Covid-19 Impacts	**39.854**	**(25.696)**	**14.158**

4.2.4 A summary of the nature of specific funding for Covid-19 costs, forecast to be used towards Covid-19 portfolio costs, is provided below:

Portfolios – Forecast Use of Specific Funding for Covid-19 Costs

Adult Care	**£m**
Hospital Discharge Recharge	4.868
Infection Control Fund	9.228
Total Adult Care	**14.096**
Childrens Services and Safeguarding	
Home to School Transport	0.217
Wellbeing for Education return	0.153
Winter Grant Scheme	1.012
Covid Local Grant Scheme	2.566
Total Childrens Services and Safeguarding	**3.948**
Health and Communities	
Test and Trace	0.078
Contain Outbreak Management	7.287
Support CEV Individuals	0.269
Practical Self-Isolation Support	0.018
Total Health and Communities	**7.652**
Total Use of Portfolio Specific Covid-19 Funding	**25.696**

4.2.5 Of the forecast £18.544m portfolio overspend, the significant variances are an overspend of £6.262m overspend on the Adult Care portfolio, a £5.493m overspend on the Children's Services and Safeguarding portfolio, a £4.947m overspend on the Corporate Services and Budget portfolio and a £2.677m overspend on the Highways and Transport portfolio.

4.2.6 The forecast £6.262m 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.

4.2.7 The forecast £5.493m 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.

4.2.8 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.

4.2.9 The forecast £4.947m 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.

4.2.10 The forecast £2.677m overspend on the Highways and Transport portfolio relates to the Winter Service budget and to savings targets which have not yet been allocated to specific services.

4.2.11 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 £8.000m set aside to mitigate general risks arising from the current uncertain environment resulting from Covid-19 and £13.000m of additional non-ringfenced grants which were announced after the 2021-22 Revenue Budget was set. 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.

4.3 Autumn Budget and Spending Review 2021

4.3.1 The Spending Review 2021 (SR 2021) was launched on 7 September 2021, along with plans for Social Care Reform. These Social Care Reform plans include:

- 1.25% increase in National Insurance (NI), from April 2022, ring-fenced for health and social care.
- From April 2023, the NI increase will be legislatively separate and separately identified on employees' pay slips as a separate Health and Social Care Levy. It will also apply to individuals working above state pension age.
- 1.25% increase in tax on share dividends, from April 2022.
- These changes will raise £36bn UK-wide, of which an average of £5.4bn will be for adult social care over the next three years.

- An £86,000 cap on total care costs and means-testing for financial support to people with less than £100,000 in relevant assets will be implemented from October 2023.

4.3.2 On 27 October 2021, the Government announced the details of the Autumn Budget and SR 2021, which sets out public spending totals for three years, from 2022-23 to 2024-25.

4.3.3 The Office of Budget Responsibility (OBR) forecasts that Gross Domestic Product (GDP) will rise by 6.5% in 2021. The OBR now expects the economy to regain its pre-pandemic size around the turn of the year, earlier than the previously expected mid-2022. All medium-term forecasts are revised upwards.

4.3.4 The key announcements in the Autumn Budget and SR 2021, relevant to local government, were:

- Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the SR 2021 period, including investment in Adult Social Care reform.
- The approach to allocating funding in 2022-23 will be set out in the Provisional Local Government Finance Settlement.
- There will be further engagement with the sector on wider reforms to be implemented in subsequent years.
- Around £1.6bn of new funding is allocated over each year of the SR 2021 period, for social care and other services. This is the largest increase in core local government funding in over a decade. Funding for the additional cost of NI for Social Care is included in this new funding. Over the SR 2021 period, this funding also includes:
    - £200m to expand the Supporting Families programme
    - £37.8m to address cyber security issues facing local government.
- A further £3.6bn of the £5.4bn of funding for adult social care reform announced on 7 September 2021 will be routed through local government, to implement the cap on personal care costs and changes to the means test. This funding will also help local authorities better sustain their local care markets by moving towards a fairer cost of care.
- Within the Department for Health and Social Care settlement is £1.7bn from the £5.4bn of funding for adult social care reform, which will be invested over three years to improve social care more broadly, of which at least £500m will be dedicated to improving skills, qualifications and wellbeing in the adult social care workforce.
- The Government will maintain the Public Health Grant in real terms over the SR 2021 period.
- £259m is allocated over the SR 2021 period to maintain capacity and expand provision in secure and open residential children's homes.

- Investment of £500m over the next three years to transform ‘Start for Life’ and family help services in half of the council areas across England. This will fund a network of Family Hubs, Start for Life services, perinatal mental health support, breastfeeding services and parenting programmes. It includes an additional £200m for the Supporting Families programme.
- Provision of £200m each year to continue the holiday activities and food programme for disadvantaged children in England.
- A 2% per year Council Tax general increase is assumed, with an additional 1% per year of Adult Social Care Precept (ASC Precept) for social care authorities. Local authorities can carry forward unused ASC Precept in 2021-22, in addition to the 1% cap in 2022-23.
- Reform of business rates, including a significant tax cut for retail, hospitality and leisure industries. Local authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs. There will be additional compensation for under-indexation of the Business Rates multiplier, including the gap between CPI and RPI inflation rates, and will be additional to the £4.8bn increase in core spending power.
- It was also announced that there will be more frequent Business Rates revaluations, which will be every three years from 2023.
- There will be an increase in the National Living Wage (NLW) by 6.6% to £9.50 an hour for people aged 23 and over, starting on 1 April 2022. The Government continues to aim for a NLW of two-thirds of median incomes by 2024.
- The Government will oversee an increase in skills spending over the parliament, up by £3.8bn.
- An additional £4.7bn towards the core schools’ budget in England by 2024-25.
- Allocation of £2.6bn over the SR 2021 period for 30,000 new school places for children with special educational needs and disabilities (SEND) in England.
- £3.2bn for educational recovery over the SR 2021 period, including a £1bn Recovery Premium for the next two academic years, and support for additional learning hours, tutoring courses for disadvantaged pupils and teacher training.
- £560m towards youth services in England.
- Announcement of the first local infrastructure projects to receive £1.7bn in allocated funding through a £4.8bn multi-department Levelling Up Fund.
- The first 21 projects to be funded by a £150m Community Ownership Fund were also announced.
- Up to £200m was announced to deliver eight Freeports in England.

- The UK Shared Prosperity Fund is the successor to the EU Structural Fund programme, and funding will rise to £1.5bn a year by 2024-25.
- The Levelling Up White Paper will provide further information on the Government's plans regarding devolution deals.
- Allocation of £2.7bn over the next three years for local roads maintenance in places not receiving City Region Settlements.
- Bus investment of £3bn across the parliament, including a new dedicated commitment of £1.2bn for bus transformation deals in England, to deliver London-style services, fares and infrastructure improvements.
- Additional income in 2024-25 from the Extended Producer Responsibility Scheme, for managing packaging waste in the final year of the SR 2021 period.
- £34.5m of additional funding over the SR 2021 period to further strengthen local delivery and transparency. This funding will help to strengthen the sector's procurement and commercial capacity, establish the Audit Reporting and Governance Authority as the new local audit systems leader, and help local councils meet new transparency requirements.

4.4 Local Government Finance Settlement

4.4.1 Details of the Provisional Local Government Finance Settlement 2022-23 (Provisional Settlement) were published on 16 December 2021. The Provisional Settlement was broadly in line with the indicative quantum announced in the Autumn Budget and SR 2021. Publication marked the start of a four-week consultation period. The Director of Finance & ICT submitted the Council's response to the Provisional Settlement ahead of the deadline for responses, which was 13 January 2022, following consultation with the Cabinet Member, Corporate Services and Budget. A copy is attached at Appendix Three. Details of the Final Settlement are expected to be published by early February 2022. This may be after the Council has formally set its budget and Council Tax on 2 February 2022. Whilst this presents a risk, it is felt to be manageable within the context of the Council's overall finances.

4.4.2 Further to the key announcements relevant to local government from the Autumn Budget and SR 2021, the headlines from the Provisional Settlement and associated Technical Consultation, and later announcements, are:

- SR 2021 announced additional funding for local government of £1.8bn, this being £1.6bn of new grant funding and £0.2bn for adult social care reform. The new grant funding of £1.6bn has been allocated to local authorities as follows:
    - £822m 'one-off' 2022-23 Services Grant.
    - £636m Social Care Grant.
    - £73m additional un-ringfenced funding allocated to the Revenue Support Grant.
    - £63m additional Improved Better Care Fund.
- The Council Tax basic referendum principle will be a 1.99% increase for 2022-23 with an additional 1% flexibility for the ASC Precept, plus any carry forward from 2021-22 where local authorities have not taken the full 3% ASC Precept increase allowed in that year.
- The Government's intention was for a reform of the New Homes Bonus (NHB) system to be implemented for 2022-23 and this has not happened. Therefore, there has been a new £333m payment for local authorities.
- Allocations of the Public Health Grant are expected to be announced in January 2022 and are most likely to rise with inflation, however, this is still to be confirmed.

- SR 2021 confirmed that the schools budget will increase by £4bn, from £49.8bn in 2021-22 to £53.8bn in 2022-23. Government also announced that £2.6bn of capital funding was being allocated for school places for children with SEND. The Dedicated Schools Grant (DSG) announcement contains an additional £325m of High Needs funding, in addition to that announced in SR 2021, bringing the total additional High Needs funding to £1bn for 2022-23. A package of £1.8bn over the three-year Spending Review period for education recovery was also confirmed, including a £1bn Recovery Premium for the next two academic years for schools. As a result of the DSG announcement, every local authority area is forecast to see a cash terms increase of at least 4.7% per pupil in its mainstream school funding, alongside the high needs funding increases.
- There is no additional funding to support Covid-19 related costs, however, there was an indication that this would be visited early in 2022, in the event that further restrictions are implemented.

- In addition to the above, local authorities have been allocated £162m for adult social care reform, through a 'Market Sustainability and Fair Cost of Care Fund'. The allocation for Derbyshire is £2.4m. The Government is consulting on the methodology for distribution of this fund, with the preferred option of using the adult social care relative needs formula. The 2022-23 funding is designed to ensure local authorities can prepare their markets for reform. To prepare markets, the Government expect local authorities will carry out activities such as:
    - Conduct a cost of care exercise to determine the sustainable rates and identify how close they are to it.
    - Engage with local providers to improve data on operational costs and number of self-funders to better understand the impact of reform on the local market (particularly the 65+ residential care market, but also additional pressures to domiciliary care).
    - Strengthen capacity to plan for, and execute, greater market oversight (as a result of increased section 18(3) commissioning) and improved market management to ensure markets are well positioned to deliver on our reform ambitions.
    - Use this additional funding to genuinely increase fee rates, as appropriate to local circumstances. To fund core pressures, local authorities can make use of over £1bn of additional resource specifically for social care in 2022-23. This includes the increase in Social Care Grant and the improved Better Care Fund, a 1% ASC Precept and deferred flexibilities from last year's settlement.

- As a condition of receiving further grant funding relating to the Market Sustainability and Fair Cost of Care Fund' in the two following years, local authorities will need to submit to the Department of Health and Social Care (DHSC):
    - A cost of care exercise – produced by surveying local providers for 65+ residential and nursing care and 18+ homecare to determine a sustainable fee rate for different care setting. Exercises will need to accurately reflect local costs such as staff pay and travel time and provide for an appropriate return on capital or return on operations. Local authorities will be expected to publish the exercises.
    - A provisional market sustainability plan setting out local strategy for the next 3 years (2022 to 2025) – using the cost of care exercise as a key input, this provisional plan will demonstrate the pace at which local authorities intend to move towards a sustainable fee rate, in particular taking account of the impact of section 18(3) as well as other pressures they have identified. The Government also expects to see strategic

planning for changes in types of provision in response to local need with other local areas, taking into consideration the role of new models of care (including housing).

- A spend report – this will detail how money has been allocated in line with the Government's expectations in order to achieve a more sustainable local market as set out above.

Future Funding Levels

4.4.3 A multi-year settlement provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Provisional Settlement provides provisional allocations for one year only. It is disappointing that the Provisional Settlement has failed to announce a multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. Meetings with Government representatives during Autumn 2021 indicated that next year would be the first year of a multi-year settlement. However, despite the signals, 2022-23 will be the fourth continuous single-year settlement.

Settlement Funding Assessment

4.4.4 Settlement Funding Assessment (SFA) is made up of Revenue Support Grant (RSG), Business Rates Top-Up (both of which are received directly from Government) and localised Business Rates, which are received directly from the district and borough councils. Details of the allocations are summarised below:

	2021-22 allocations £m	**2022-23 allocations £m**
Revenue Support Grant	13.813	14.231
Business Rates Top-Up	94.892	94.892
Business Rates – Local*	12.257	15.875
	120.962	**124.998**

*2021-22 Business Rates – Local - updated for final 2021-22 estimates.

- **Revenue Support Grant -** RSG has increased in line with the Consumer Price Index (CPI) between September 2020 and September 2021, with no change to the distribution of RSG from that used in 2021-22.

- **Business Rates Top-Up -** Business Rates Top-Up has not increased. This is in line with the freeze in the Business Rates multiplier. However, the 'business rates capping' grant, has increased to compensate for the under-indexation of the multiplier.

The Government has fixed, in real terms, authorities' retained business rates baselines until the business rates system is reset, with no alteration of the existing mechanism for determining tariff and top-up payments in 2022-23.

- **Business Rates – Locally Retained -** The figure for Local Business Rates shown in the table above is the Council's high-level estimate of its Derbyshire business rates income for 2022-23, based on previous years' income and the assumption that there will be a 1% growth in local business rates taxbase in 2022-23 but a deficit on the collection fund of £3.500m as a result of the Covid-19 pandemic (2021-22: £6.927m). No 2022-23 business rates estimates have been received from the billing authorities. Although the billing authorities have until 31 January 2022 to provide the Council with the final estimates for 2022-23 growth to be used in setting the budget, the difficulties for billing authorities of forecasting during the Covid-19 pandemic mean that this information will again be received later than was usual pre-pandemic.

  The Council receives 9% of business rates collected locally. A verbal update of the business rates income forecast will be provided at the meeting, when it is expected that some information will have been received. As a result, the Council's estimate of locally retained business income could change to a greater extent than in a 'normal' year. Any changes to the figure shown in Appendix Two will be managed through the Risk Management Budget or Reserves.

New Homes Bonus (NHB)

4.4.5 The NHB grant was introduced in April 2011. The scheme is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated. It is paid annually from a top slice of RSG. The allocations tend to favour councils with lower tier responsibilities. The Government's intention was for a reform of the system to be implemented for 2022-23 and this has not happened. There is a new £333m payment for local authorities in 2022-23 and the allocation for the Council is better than anticipated, at £1.868m.

4.4.6 The payment methodology is the same as in 2021-22. As announced in 2020-21, no legacy payments will be made on new allocations from 2020-21 onwards; meaning that the 2020-21-2022-23 bonuses are not included in the calculation of payments in 2022-23. The final outstanding legacy payment will be made on the allocation from earlier years, as previously announced.

General Grant

4.4.7 Details of further grant allocations are set out in the table below:

	2021-22 £m	2022-23 £m
Improved Better Care Fund (iBCF)	34.682	35.713
Business Rates Capping*	9.176	9.274
Social Care Grant	27.617	37.628
2022-23 Services Grant	0	7.781
Local Council Tax Support*	6.000	0
Local Tax Income Guarantee Scheme for 2020-21**	0.700	0
Independent Living Fund*/***	2.534	0
Extended Rights to Free Travel*/***	1.405	0
Local Reform and Community Voices Grant*/***	0.520	0
War Pensions Scheme Disregard*/***	0.162	0
Prison Services*/***	0.094	0
Moderation Phonics Grant*/***	0.033	0
Financial Transparency Grant*/***	0.017	0
	82.940	**90.396**
Covid-19 (C-19) Grants:		
C-19 Local Authority Support	15.337	0
C-19 Additional Dedicated Home to School Transport*	0.094	0
C-19 Wellbeing for Education Return*	0.121	0
C-19 Clinically Extremely Vulnerable*	1.294	0
C-19 Sales, Fees and Charges Scheme*	1.473	0
Total	**18.319**	**0**

* 2021-22 figures updated from Revenue Budget Report following announcement/release of allocations.

** 2021-22 includes forecast amount for grants/funding announced and expected to be received by the end of 2021-22.

*** For 2022-23 awaiting Government information about this grant; where numbers are included it is considered likely that funding will be received at around 2021-22 levels or an indicative allocation has been received.

- **Improved Better Care Fund (iBCF)** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at the Spring Budget 2017, allocated over a three-year period, reaching £1.837bn in 2019-20 nationally. In 2020-21 the iBCF additionally incorporated £240m of funding allocated as a Winter Pressures Grant in 2019-20, no longer ring-fenced for alleviating NHS winter pressures. For 2021-22, funding was maintained at 2020-21 cash terms levels (£2.1bn). For 2022-23, the 2021-22 allocation has been uplifted by £63m for the change in CPI between September 2020 and September 2021, with the existing distribution formula again unchanged.

- **Business Rates Capping** – compensates authorities by means of Section 31 grants for reductions in business rates income, following decisions by Government to change the rate relief for some organisations in the 2018 Budget and for changes in the uprating of the business rate multiplier from the Retail Price Index (RPI) to the lower CPI. The amount included in the Council's 2022-23 budget calculation is the Council's Provisional Settlement allocation for under-indexing of the business rates multiplier. Billing authorities will provide final estimates by 31 January 2022 to be used in setting the budget. A verbal update of business rates income will be provided at the meeting.

- **Social Care Grant** - the £2.35bn Social Care Grant consists of £636m new funding (announced in SR 2021) and direct continuation of the 2021-22 £1.71bn Social Care Grant. The 2022-23 new funding allocations of £556m have been determined according to the Adult Social Care Relative Needs Formula, and the remaining £80m used to equalise a local authority's ability to raise additional funding through the ASC Precept, at the same level of equalisation as in 2020-21 and 2021-22. As a result, the Council receives a higher share of the Social Care Grant, which reflects its low Council Tax taxbase. The whole £2.35bn Social Care Grant is un-ringfenced, with no conditions attached.

- **2022-23 Services Grant** – the new £822m 2022-23 Services Grant is to support the delivery of all local authorities' services in 2022-23. The funding will be distributed through the existing formula for assessed relative need. This grant includes funding for local government costs for the Social Care Reform increase in employer National Insurance Contributions, announced in September 2021. The grant is un-ringfenced, with no conditions attached. This will be a one-off grant for 2022-23. Government intends to work closely with authorities on how to best distribute this money for 2023-24 onwards.

- **Local Council Tax Support** – 2021-22 new funding of £670m provided in recognition of the increased costs of providing local Council Tax support and other help to economically vulnerable households following the pandemic. Essentially this is un-ringfenced compensation for a depleted Council Tax taxbase and to keep Council Tax bills low for those who have been hardest hit by the Covid-19 pandemic.

- **Local Tax Income Guarantee Scheme** – 2021-22 compensation to local authorities for 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020-21 (announced in SR 2020).

- **Independent Living Fund (ILF)** – in 2015 local authorities in England became responsible for supporting clients previously supported through the ILF. The Government originally committed to providing non ring-fenced funding to local authorities until 2019-20 but this continued into 2021-22 with no increase. The Provisional Settlement did not announce whether ILF grant would again be received in 2022-23, and pending receipt of any further information, no grant income has been assumed for 2022-23. One-off support for Adult Social Care and Health equal to the 2021-22 ILF grant will be provided from the Council's General Reserve to compensate for this. In the event that the Government does later confirm continuation of the ILF grant for 2022-23, Adult Social Care and Health will be required to reimburse the General Reserve for this one-off support.

- **Other Grants** - pending receipt of grant information, no income amounts for the other grants below have been included in the Council's 2022-23 budget calculation. Departments have been compensated previously, in the base budget, for these grants and hence any receipt will be taken into the Risk Management Budget.

    - **Extended Rights to Free Travel** – funding to support extended rights to free school travel.

    - **Local Reform and Community Voices Grant** – this grant is comprised of funding for Deprivation of Liberty Safeguards, local Healthwatch and Independent Complaints Advisory Services.

    - **War Pensions Scheme Disregard** - compensates authorities for disregarding, for the purposes of social care charging, most payments made under the War Pension Scheme.

    - **Prison Services** – funding for social care in prisons.

- **Covid-19 Pandemic Grants -** the Council, like all local authorities, has incurred additional costs as a result of the Covid-19 pandemic. Grant income has been received from Government in respect of Covid-19 in 2020-21 and 2021-22. Any unspent balance of Covid-19 grants at the year-end will be earmarked for carry forward to 2022-23. No additional Covid-19 funding has been announced in the Provisional Settlement, although Government might review this, now the more infectious Omicron variant of concern has become dominant, and new wave cases and hospitalisations have increased. The Sales, Fees and Charges Scheme continued from 2020-21 into the first quarter of 2021-22. This scheme has now ended. The scheme focused on compensating councils for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services.

Private Finance Initiative Grant (PFI)

4.4.8 The PFI grant is received to support expenditure which is incurred in meeting payments to contractors for the capital element of school building projects previously undertaken through PFI and similar funding arrangements. These funding arrangements require payments to be made over a 25-year period. The capital payments due on these schemes will end in three phases between 2029 and 2035. The Council's allocation for 2021-22 is £10.504m.

Ring-Fenced Grants

4.4.9 The Council receives the following ring-fenced grants:

- **Dedicated Schools Grant (DSG)** - Grant is paid to local authorities to provide school, high needs, early years and central school services block budgets. Local authorities are responsible for determining the allocation of grant in conjunction with their local Schools Forum. Local authorities are responsible for allocating funding to schools and academies, high needs and early years providers in accordance with their local funding formulae. DSG funding allocations for 2022-23 were published on 16 December 2021. Details of DSG schools block funding will be considered in a separate report to this meeting and the remaining blocks will be considered in March 2022.

- **Public Health** - Public Health expenditure is funded from a ring-fenced grant. The budget is largely spent on drug and alcohol treatment services, sexual health services, health protection and promoting activities to tackle smoking and obesity and to improve children's health. The Council's allocation for 2022-23 is expected to be announced in January 2022 and will most likely rise with inflation, however, this is still to be confirmed. The Government has also not yet confirmed whether the ring-fence and grant conditions will remain in place, but it is expected that they will, until at least 31 March 2023. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews, however these have been delayed because of the impacts of Covid-19.

- **Better Care Fund** - The Better Care Fund (BCF) was announced in June 2013 as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better integrated health and social care. The BCF supports the aim of providing people with the right care at the right place at the right time. This builds on the work which the Clinical Commissioning Groups (CCGs) and the Council are already doing, for example as part of integrated care initiatives, joint working and on understanding of patient/service user experiences.

The 2022-23 allocation for Derbyshire as a whole has yet to be announced and to date there is no indication as to whether the National Health Service (NHS) contribution to the Better Care Fund will increase. The 2021-22 allocation of £108.604m was split as follows:

	2021-22 £m
Tameside and Glossop CCG	2.622
Derby and Derbyshire CCG	60.216
CCG Minimum Contribution	**62.838**
CCG Additional Contribution	
Other	0.928
Total CCG Contribution	**63.766**
DCC Additional Contribution	
ICES Equipment	1.647
Other	0.611
Disabled Facilities Grant	7.898
Improved Better Care Fund	31.055
Winter Pressures Grant	3.627
	44.838
	108.604

The funding can be used to improve health outcomes for clients and their carers. Derbyshire will look to invest in services jointly commissioned with health services, which include reablement, seven-day services, better information sharing, joint assessments and reducing the impact on the acute sector. The resources for reducing the impact on the acute sector are performance related and will not be paid to the acute service if the targets are not achieved.

The BCF has national metrics underpinning its performance, which will be used to measure success, include reducing admissions to residential care homes, effectiveness of reablement out of hospitals, delayed transfer of care, avoidable emergency admissions and patient/service user experience.

This funding system presents opportunities and risks to the Council and these are the subject of detailed negotiation with the CCGs. The additional funding helps to bridge the funding gap left by the reduction in Revenue Support Grant over the last few years.

4.5 Council Tax

4.5.1 District and borough councils are required to provide details of their Council Tax taxbases, together with any surplus or deficit figures on their collection funds, to the Council.

Taxbase

4.5.2 The Council's Band D Council Tax rate is calculated by dividing the Council's Council Tax Requirement (CTR) by the total taxbase figures. Each of the borough and district councils uses a Collection Fund to manage the collection of Council Tax and to make an adjustment to reflect the actual collection rate of Council Tax in the previous year. Following the introduction of the Business Rates Retention Scheme in April 2013, the borough and district councils are required to take account of both Council Tax and Business Rates collected in determining their surpluses or deficits. Whilst Council Tax taxbase positions have been received from all billing authorities these have yet to be fully confirmed. The billing authorities have until 31 January 2022, the statutory deadline, to confirm their taxbase positions.

4.5.3 The total Council Tax taxbase figure for 2022-23 is provisionally forecast at 257,097.90, based on the number of equivalent Band D properties, a 1.86% increase on the previous year. Individual authority information is shown at Appendix Four.

4.5.4 The additional Council Tax due as a result of the increase in taxbase is £6.488m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2021-22. Previous years have seen increases in the taxbase of 0.41%, 1.71% and 1.17%. The taxbase increase for 2021-22 was less than in recent years because of the impact of the Covid-19 pandemic, namely an increase in the number of residents claiming Council Tax benefits. However, support is being received from the Council Tax Support Scheme grant in respect of that year, referred to above. Essentially this is un-ringfenced compensation for a depleted Council Tax taxbase and to keep Council Tax bills low for those who have been hardest hit by the C-19 pandemic. Based on strong expected housing growth, the Five Year Financial Plan (FYFP) assumes prudent annual taxbase increases of 1.50% from 2023-24.

Collection Fund

4.5.5 Covid-19 severely impacted on the Council Tax collection fund position in the Council's Revenue Budget 2021-22. The Council Tax collection fund deficit for 2021-22 was estimated at £2.306m in the Council's Revenue Budget 2021-22 Report, although this figure was not final. Billing authorities have until 31 January to confirm in writing their final collection fund estimates; the latest provisional figures were included. There have been difficulties for billing authorities forecasting during the Covid-19 pandemic, and billing authorities required time to consider 2021-22 announcements of the Local Income Tax Guarantee Scheme for 2020-21 and the Local Council Tax Support scheme. This meant that final collection fund estimates were being received later than is usual. A verbal update was provided at the full Council Meeting, with a final collection fund deficit of £2.357m. In comparison, the collection fund position reported in the Revenue Budget 2020-21 Report, before the pandemic, was a surplus of £3.310m.

4.5.6 The repayment of collection fund deficits arising in 2020-21 is being spread over the following three years rather than the usual period of a year, giving local authorities ‘breathing space’ in setting budgets for 2021-22. The regulations to implement the collection fund deficit phasing came into force on 1 December 2020. Under this collection fund deficit phasing, a deficit of £1.041m was carried forward and spread into each of 2022-23 and 2023-24.

4.5.7 The total Council Tax collection fund surplus for 2022-23 is estimated at £3.437m, based on provisional information received to date from billing authorities, including £1.041m of deficit carried forward from 2021-22 budget setting. This provisional collection fund position is in line with the position before the pandemic. A verbal update of the Council Tax collection fund position will be provided to this meeting, when it is expected that more information will have been received. Forecasting difficulties for billing authorities remain as the Covid-19 pandemic continues. As a result, the Council’s estimate of Council Tax collection fund position could change more than in a ‘normal’ year. Any changes to the figure shown in Appendix Two following this Council meeting, or the full Council meeting, will be managed through the Risk Management Budget or Reserves.

4.5.8 The provisional Council Tax collection fund surpluses/deficits for the individual authorities are shown at Appendix Four.

Referendum Principles

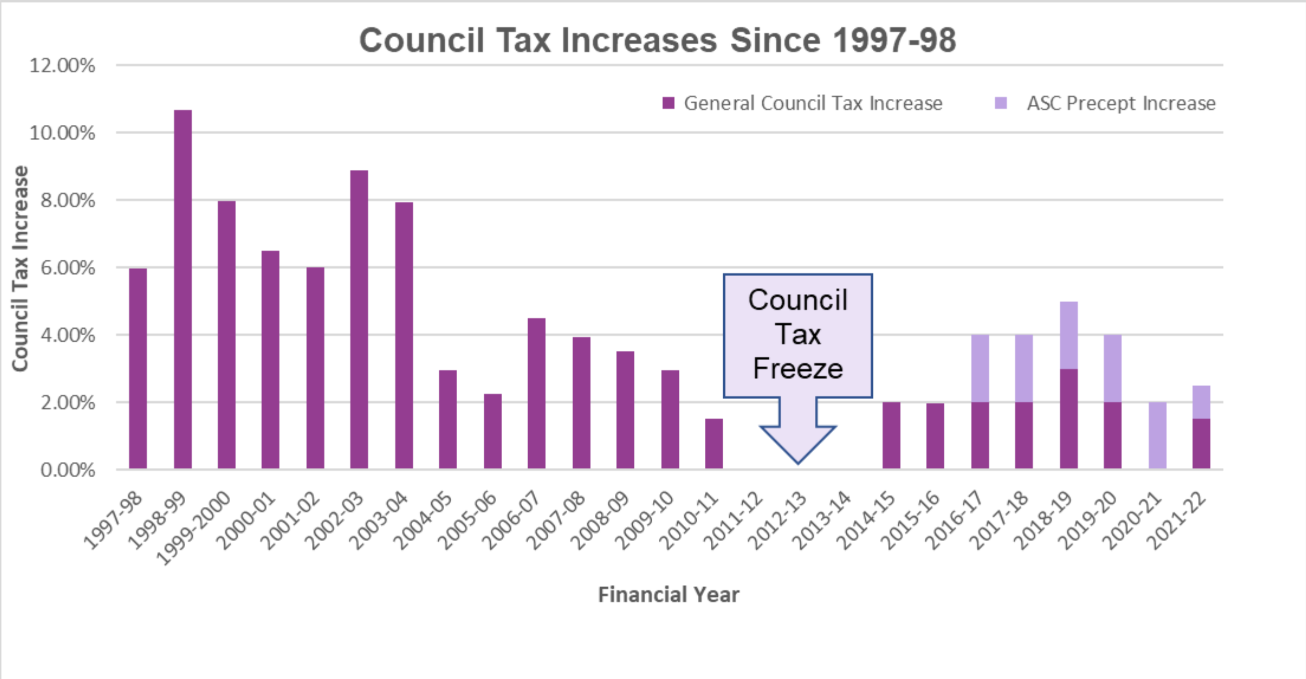
4.5.9 Since 2012-13, local authorities have been required to determine whether the amount of Council Tax they plan to raise is excessive. A set of principles defined by the Government is used to determine if the amount to be raised is excessive. An authority proposing an excessive increase in Council Tax must hold a local referendum.

4.5.10 SR 2020 provided local authorities with adult social care responsibilities the ability to increase adult social care spending by levying up to 3% using the ASC precept, in addition to an increase for county councils of up to 2% for general spending. In recognition that local authorities might not want to take up the full ASC precept flexibility in 2021-22, some, or all, of the precept could be deferred for use in 2022-23. The Council set a 1.5% general spending increase and a 1% ASC precept increase in 2021-22, providing the flexibility to set a deferred 2% ASC precept in 2022-23, on top of any general increase and irrespective of other referendum principles that may apply in 2022-23. SR 2021 provides county councils with the flexibility to increase Council Tax by up to 2% for general spending. In addition, local authorities with adult social care responsibilities will be able to increase adult social care spending by levying up to a further 1% using the ASC precept. This means that, for the Council, the maximum total Council Tax increase for 2022-23 is 5%.

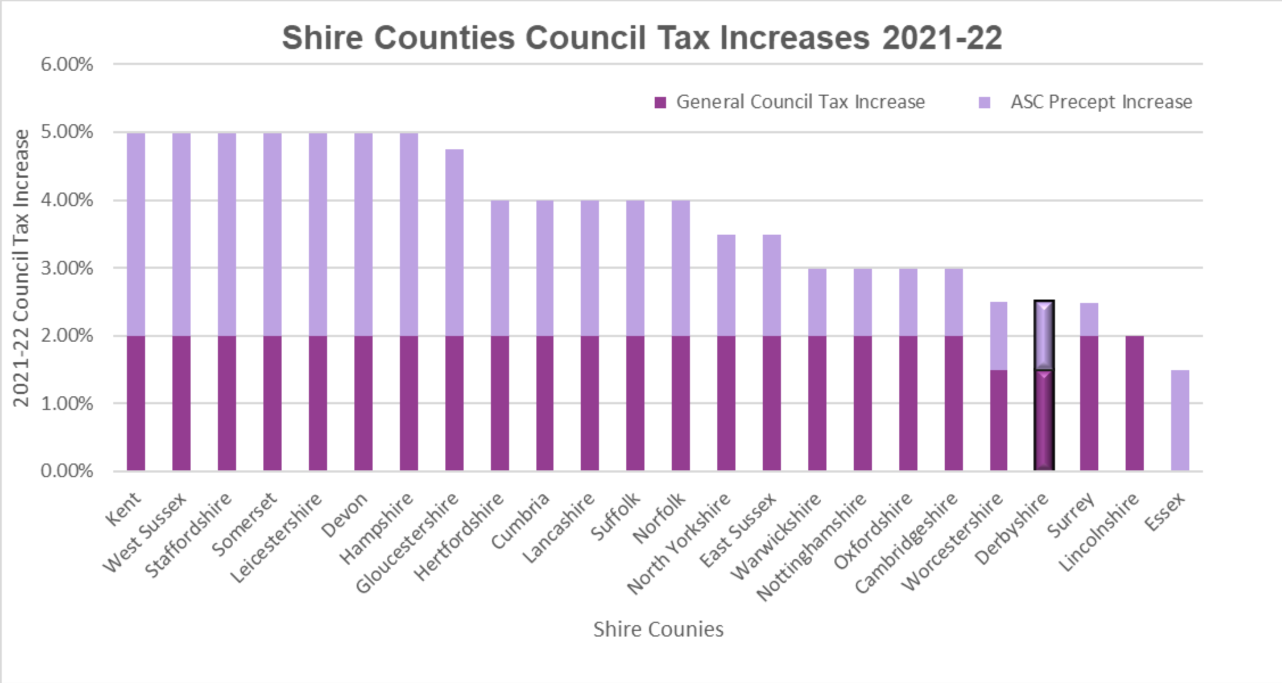
4.5.11 Details of any assurance process relating to the use of the ASC Precept in 2022-23 have yet to be issued. As usual, billing authorities will be required to include information on the face of the Council Tax bill, with a narrative statement on the front of the bill highlighting any Council Tax attributable to levying this funding for adult social care, as well as providing further information to the taxpayer. Further information is also required to be included with the Council Tax bill.

Council Tax Increase

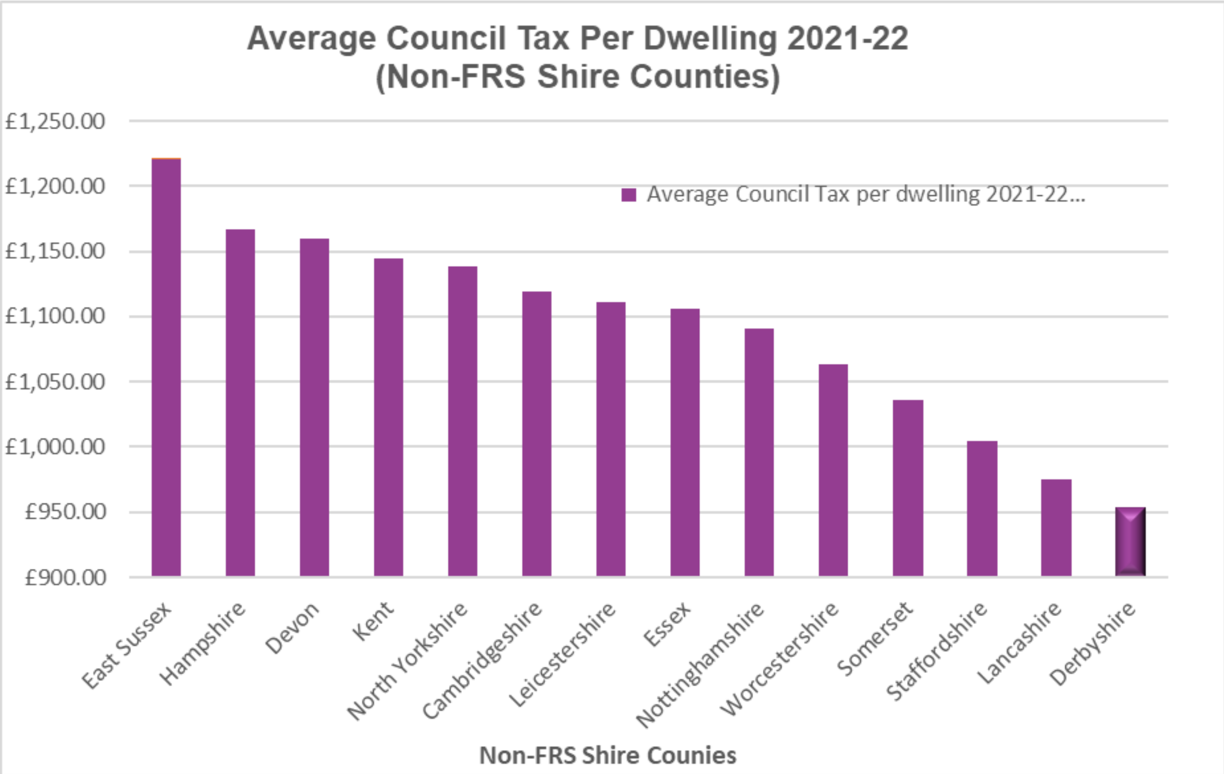
4.5.12 The graph below illustrates the increases raised by the Council over the last 20+ years:



4.5.13 Since 2016-17 there has been the ability to raise an additional amount of Council Tax specifically to additionally fund adult social care spending. This has added 2% to the referendum limited increase in 2016-17 through to 2020-21. In 2020-21 the Council levied the 2% ASC precept increase but not the permitted 2% general increase. In 2021-22, the Council set a total increase of 2.5%, with a 1.5% general spending increase, of a permitted 2%, and a 1% ASC precept increase, of a permitted 3%. This provides the Council with the flexibility to set an additional deferred 2% ASC precept in 2022-23. The average shire county council Council Tax increase in 2021-22, including ASC precept, was 3.8%. The chart below sets out 2021-22 total Council Tax increases and the general Council Tax/ASC Precept increase split for shire county councils. The Council had the equal lowest general Council Tax increase and was amongst the lowest third in respect of its ASC Precept increase.



4.5.14 In terms of absolute position, the Council's Band D Council Tax level is around the average. This is a measure which does not reflect the actual spread of housing in an area into the various bands. As Derbyshire is less affluent than many county areas it has around 80% of properties in Bands A, B and C and the average property is in Band B. This means that the mean average Council Tax paid per household is the lowest amongst the fourteen shire county councils who provide the same services as the Council (non-Fire and Rescue Service (FRS) authorities).



4.5.15 Local authorities have urged Government to provide additional funding to support vital services, particularly Children's Social Care and Adult Social Care. Additional resources have been allocated to the Council as part of the Government's response. The additional social care funding announced in SR 2019, with further increase in SR 2020 and SR 2021, and the continuation of payment of Revenue Support Grant, has helped to keep general Council Tax low whilst helping to fund the rising costs for social care and other vital front-line services. However, it is clear that Government has a clear and definite expectation that part of the additional pressures in adult care will be funded by levying additional ASC Precept. Of 152 authorities with adult social care responsibilities, 148 utilised some, or all, of their ASC precept flexibility for 2021-22. Of these, 100 authorities utilised the full 3%. All but one shire county council complied with the Government expectation and levied the ASC Precept. The average ASC Precept increase for shire county councils was 1.9%.

4.5.16 Pressures across both Children's and Adult Social Care continue to far outstrip the additional grant offered by the Government. Furthermore, these costs are likely to increase significantly in later years.

4.5.17 The Council's preference is for Government to recognise costs associated with social care through the re-distribution of national taxation. However, the clear expectation from Government is that local taxation is also part of the solution. Therefore, it is recommended that the Council accepts the need to levy the ASC Precept at 1% for 2022-23 and also to increase basic Council Tax by 2%, in recognition of Adult Social Care pressures and the significant increase in general budget pressures the Council is experiencing. This recommendation means that the Council's option of levying the remaining 2% ASC Precept from 2021-22, in addition to the increases permitted by the 2022-23 Referendum Principles, has not been exercised.

4.5.18 The Council is facing significant financial pressures, including pay and price increases as set out in Section 4.7 of the report. There are also substantial demands on the Council's services, in particular, social care. In meeting Council Plan priorities, it is important that the Council invests in its services to ensure that it continues to deliver essential services for Derbyshire communities. Details of the financial cost pressures faced by the Council are set out in Section 4.8, with further detail provided at Appendix Five. Additional funding from Government has been provided to support risings costs, however, it is not sufficient to meet the full cost of the service pressures identified. Therefore, increasing Council Tax by 3% will raise an additional £10.667m in Council Tax income in 2022-23 and future years to support the Council's vital services.

4.5.19 The Council will always attempt to keep Council Tax rises as low as possible. However, pressures will continue to emerge over the medium term, in particular additional costs around pay, and inflationary pressures, have been largely absent over the last ten years or so. The need to manage these, and other pressures, will be challenging and as a result future Council Tax increases cannot be easily forecast with a high degree of certainty and it is possible that predictions expressed in the initial forward plan (FYFP) update contained within this report will prove inadequate and will need to be revised upwards.

4.6 Price Increases

4.6.1 In line with recent years, there will be no direct increase to departmental budgets for specific price rises, other than for business rates expenditure. The impact of this price increase is estimated at £0.046m.

4.6.2 Annual UK Consumer Price Inflation (CPI) fell slightly, to 3.1%, in September 2021 but then started to increase, and reached 5.1% in November 2021. The reasons for the increase are broad-based, largely due to surging demand and supply chain problems. However, the largest increases came from transport (particularly motor fuels), clothing and footwear, partially offset by a large downward contribution from restaurants and hotels. Recognising the rising cost of energy and food, specific amounts have been set aside within contingency budgets. See section 4.7 below.

Pay Award

4.6.3 SR 2020 recommended to local authorities that employees earning more than the NLW but less than £24,000 should receive a minimum £250 increase in pay; for other employees there should be a "pay pause" in 2021-22, with no general increase. The Council's 2021-22 budget assumed that the recommendations of SR 2020 would be adopted and set aside £2.313m in the Council's contingency budget, to be held until such time that a final agreement is made, when the budget will be allocated to departments. In July 2021, the national employers made a pay offer of 2.75% on National Joint Council (NJC) pay point 1 and 1.75% on all NJC pay points 2 and above. However, negotiations with the unions are still taking place and an agreement is not expected to be reached until 2022. If the pay award is agreed at a level above this 2021-22 contingency amount, the additional cost will have to be found from within existing budgets.

4.6.4 SR 2021 announced that NLW would increase by 6.6% for 2022-23, from £8.91 to £9.50, for those aged 23 and over. The last Council FYFP assumed a general pay award of 2% for 2022-23. The unions have yet to submit a 2022-23 pay claim to the national employers, which means that local authority negotiations have yet to commence. The submission is not expected until February 2022 at the earliest but may be later, with the 2021-22 pay award yet to be agreed. At this stage, a 2% 2022-23 pay award is assumed, from a starting position for 2021-22 which assumes that the July 2021 pay offer is adopted. This equates to an additional cost of £6.789m, which will be also be held in the Council's contingency budget, until such time that a final agreement has been made, when the budget will be allocated to departments. If the pay award is agreed at a level above this, the additional cost will have to be found from within existing budgets.

4.7 Corporate Budgets

Contingency Budgets - £33.470m

4.7.1 The overall Contingency Budget includes pay and price issues elements of £25.441m, detailed below, and one-off Local Government Pension Scheme employer pension contributions forecast at £1.381m, which are required because of a difference between forecast and actual pensionable pay. It also includes ongoing Departmental Service Pressures of £3.702m and one-off Departmental Service Pressures of £2.946m to be held over pending further information, as detailed in Appendix Five. The total Contingency Budget is £33.470m.

Pay and Price Issues - £25.441m

4.7.2 The Council maintains a Contingency Budget which is used to help manage pay and price increases over which there is some uncertainty. Details of the Contingency Budget for pay and price issues are set out below.

- **Independent Sector Fees Increases - £12.257m** - Due to the increase in the NLW each year, there has to be an above inflation increase in the independent sector care home fees the Council pays, to reflect the additional cost pressures on the providers. For 2022-23, the NLW will increase by 6.6%, from £8.91 to £9.50, for those aged 23 and over. This amount is to be held in the Contingency Budget until negotiations are complete.

- **Pay Award - £9.102m (£2.313m for 2021-22 and £6.789m for 2022-23)** - See paragraphs 4.6.3 and 4.6.4 above. Negotiations are still ongoing. These amounts are to be held in the Contingency Budget until negotiations are complete.

- **National Insurance Social Care Levy - £1.811m** – Forecast additional cost of a 1.25% increase in employer National Insurance contributions from April 2022, ring-fenced for health and social care.

- **Local Government Pension Scheme employer contributions - £0.646m** – Forecast additional Local Government Pension Scheme employer pension contributions, which are required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.

- **Energy/Food - £1.000m** – This is additional funding set aside to support Departments with the rising cost of energy and food in non-school budgets. This amount is to be held in the Contingency Budget until actual costs are known. Whilst energy prices will rise considerably in 2022-23, the Council's energy usage has decreased during the pandemic because of changes in the way the Council works. It is expected that energy usage will not return to the pre-pandemic level. Additional funding will be available up to £1.000m. It is envisaged that Departments will submit bids for this funding.

- **Operating Model - £0.210m** – This is the additional estimated cost arising from the decision to review the Council's leadership model during 2021.

- **Street Lighting Energy - £0.415m** - This is the estimated ongoing increase in street lighting energy costs. This amount is to be held in the Contingency Budget until actual costs are known. Additional funding will be available up to this level.

External Debt Charges and Minimum Revenue Provision - £35.784m

4.7.3 This represents the interest payable on the Council's outstanding debt. The Council has paid off a number of loans, which were used to support the Council's Capital Programme, in recent years and has not undertaken further borrowing. In 2018-19 this provided the opportunity to reduce the ongoing budget by £8.500m, with a further reduction of £1.500m in 2021-22, to reflect the reduction in interest charges.

4.7.4 The Minimum Revenue Provision (MRP), is a prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements. The Council reviewed its MRP Policy in 2016-17, in a report to Cabinet on 22 November 2016. It was considered that future savings could be achieved without compromising the future prudent provision made by the Council. In conjunction with the policy being reviewed, the level of the Capital Adjustment Account (CAA) reserve into which the money is set aside has been reviewed.

4.7.5 The amount of MRP that has been transferred since 2010-11 to the CAA reserve is in excess of £162.8m, however the actual amount of loan repayments during that time is significantly lower, at £125.3m. With the Council not undertaking any new borrowing within the last twelve years, this indicates that the Council's CAA reserve contains in excess of what is required to ensure the Council can repay its debt. Whilst the Council will continue to set aside a prudent amount of revenue for MRP each year, it will ensure that its future annual provision is appropriate. In light of this, one-off reductions to MRP totalling £25m were planned between 2018-19 and 2021-22, with the base budget profiled to return to its 2017-18 level by 2022-23. In line with the revision to the profile of reductions, approved at Cabinet on 21 November 2019, the MRP base budget will increase by £7.0m in 2022-23. The Council will however continue to review its MRP policy annually to ensure in future years that adequate/prudent provisions are still being made.

4.7.6 Given the significant cuts to public expenditure and in particular to 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 and reduce overall treasury risk. The benefits of internal 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. The Council will monitor this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in

2022-23, with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.7.7 In addition, the Council may borrow short-term to cover cash flow shortages where it is advantageous to do so.

Risk Management Budget - £nil

4.7.8 The Council has maintained a Risk Management Budget for a number of years, the purpose of which is to provide a base budget from which the Council can help manage some of the longer term risks and pressures, alongside the resources available in the Earmarked Reserve available for budget management and General Reserves.

4.7.9 Given the uncertainties experienced during 2020 and 2021 as a result of Covid-19, it is important, more than ever, to maintain a prudent level of risk management budget to mitigate the risks faced by the Council, details of which are set out later in the report. However, 2022-23 budget pressures mean that the balance on the risk management budget of £10.289m will be depleted during 2022-23, providing support to priority services.

Interest Receipts - £4.016m

4.7.10 On 10 March 2020, the Bank of England reduced its base rate of interest from 0.75% to 0.25%, to counter the 'economic shock' resulting from the Covid-19 outbreak. On 19 March 2020, the base rate was further reduced, to 0.1%. The base rate remained at this level until 16 December 2021, when it was increased back to 0.25%, in response to rising inflation. Up to that point there were fears that the recent occurrence of the Omicron variant of Covid-19 could slow the economy and delay a forecast rise in interest rates. The Council's budget assumes that the Council will continue to earn additional income, by utilising a range of risk assessed investment vehicles to increase its income from external investments.

4.7.11 In the Council's 2021-22 Revenue Budget, interest receipts were reduced by £2.182m, to £4.016m, reflecting the continuing impact of the pandemic on returns. In the Council's Performance and Budget Monitoring/Forecast Outturn 2021-22 as at 30 September 2021, 2021-22 interest receipts are forecast to be £5.056m, which exceeds budget. However, a projected 2021-22 decrease of £0.952m in dividend income on the Council's investments in pooled funds, compared to 2019-20, is forecast to be supported by the use of DLUHC Covid-19 grant funding. Furthermore, receipts in 2021-22 are continuing to benefit from interest contractually committed before the Covid-19 pandemic and its associated impact on interest rates. The expectation is that interest receipts in 2022-23 will remain under pressure and the continued reduction in budgeted interest receipts, at the 2021-22 level, reflects this.

4.8 Service Pressures

4.8.1 A number of service pressures have been identified by Departments. Details of Departmental pressures identified for 2022-23 are shown at Appendix Five. Service Pressures originally identified by Departments have been reduced to the position shown, following extensive senior cross-departmental review and challenge. A prioritisation session was held in December 2021.

4.8.2 Of the ongoing Departmental service pressures of £30.770m, a total of £27.068m will be allocated to Departmental base budgets and a further £3.702m will be held over in Contingency Budgets, pending further information.

4.8.3 Overall Ongoing Service Pressures of £29.794m include the above Departmental services pressures of £30.770m, plus an increase in Corporate External Debt Charges pressures of £7.000m and use of the Corporate Risk Management Budget of £7.976m, all referred to in Section 4.7.

4.8.4 One-off support of £12.880m will be allocated from reserves for one-off Departmental Service Pressures and a further £2.946m will be held over in reserves as a contingency, pending further information.

4.8.5 Overall one-off pressures of £17.207m include the above amounts and a contingency for one-off support for Local Government Pension Scheme employer contributions of £1.381m, which is required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.

4.8.6 The base budget is to be balanced by a one-off contribution from reserves of £3.796m. However, actions will take place over the next few months to work to further reduce the base Service Pressure bids, assimilate the results of the Final Local Government Settlement, receive the remaining confirmation of collection fund and taxbase positions and understand further grant stream announcements, as happens every year, that will be made in the next few months. It is expected that this combination of actions will result in the minimisation, at worst, or the removal of the need to support the base budget with reserves.

4.9 Budget Savings Targets

4.9.1 Target savings by the end of 2026-27 are estimated to be £67m, of which £27m have been identified.

4.9.2 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.

4.9.3 In many cases the proposals will be subject to consultation and equality analysis processes. In including potential cost savings in this report no assumptions have been made as to the outcome of those consultations or the outcome of final decisions which have yet to be made. With regard to the savings proposals which have not yet been considered by Cabinet and, where appropriate, by individual Cabinet Members, the necessary consultation exercises will be undertaken, and any equality implications will be assessed before final decisions are made. Throughout the process it will be essential to ensure that the Council continues to meet its statutory and contractual obligations.

4.9.4 Details of identified departmental annual budget savings totalling £26.300m over the FYFP are shown at Appendix Seven. Significant budget preparation work has taken place in 2021. This has helped in identifying some additional savings.

4.9.5 However, overall, there is now a significant shortfall of identified annual budget savings against the £67.034m budget savings target, over the five years of the FYFP. In headline terms the Council has now identified measures which should help achieve 39% of the budget gap over the period of the FYFP. This is a worse relative position than was reported in the Revenue Budget Report 2021-22, when measures had been identified to meet 53% of the budget gap. Although £2.068m of additional savings have been identified over the four years from 2022-23, referred to above, and additional forecast funding is now forecast over these years, meaning the shortfall over these years has reduced by £14.707m, there is now an expectation that budget pressures will continue into 2026-27, which is the final year of the FYFP, when a further £19.933m of savings are now forecast as being required. This has meant the shortfall has grown over the course of 2021-22 and is now £39.803m, around £5m higher. 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 2023-24 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.

4.9.6 The table below summarises the savings originally identified in last year's Revenue Budget Report for 2022-23, changes made since then to arrive at the revised savings identified by department for 2022-23, and the level of achievement of 2022-23 savings for each department planned for 2022-23.

	Original* 2022-23 Savings Identified £m	Changes £m	Revised 2022-23 Savings Identified £m	2022-23 Savings Achievable in 2022-23 £m
Adult Social Care and Health	6.811	-0.931	5.880	5.880
Children's Services	0.046	0.000	0.046	0.046
Place	0.756	0.000	0.756	0.756
Corporate Services and Transformation	0.178	0.266	0.444	0.444
Total	**7.791**	**-0.665**	**7.126**	**7.126**

*New 2022-23 savings in last year's Revenue Budget Report, with a reallocation of a Libraries saving of £0.156m from Corporate Services and Transformation (formerly Commissioning, Communities and Policy), to Place, following a portfolio switch.

4.9.7 The £0.931m reduction in Adult Social Care and Health savings identified remain allocated to the Adult Social Care and Health budget for 2022-23 and alternative savings will need to be brought forward.

4.9.8 The savings proposals continue to mark a change from principles adopted for a number of years until 2020-21, with significant protection again for the Children's Services budget, as in 2021-22.

4.10 Statutory Requirements of the Local Government Act 2003

4.10.1 There is a duty placed on the Executive Director, Corporate Services and Transformation, as the Council's statutory Chief Financial Officer (Section 151 Officer), to report on certain matters to Council when it is making its statutory calculations required to determine its precept. The Council is required to take the report into account when making the calculations. The report must deal with:

- The robustness of the estimates included in the budget.
- The adequacy of reserves for which the budget provides (guidance on local authority accounting suggests this should include both the General Reserve and Earmarked Reserves).

4.10.2 Good practice requires the Council to consider the professional advice of the Chief Finance Officer on these two matters. This report has been drafted with all of these requirements in mind and this section in particular deals with these matters and their connection with matters of risk and uncertainty for the Council.

Estimation Processes

4.10.3 There has been no change to the fundamental methods used in the preparation of the budget, this has ensured that many professional officers from a range of different disciplines are involved in a process which takes into account and evaluates all known facts. This was evidenced in a budget prioritisation exercise held during a full day Corporate Management Team Budget Session in December 2021. There continues to be great emphasis on assessing and evaluating all known changes, including pay and price levels, statutory changes and demands for service. None of these matters are omitted from advice to Members. The process is underpinned by the Council's integrated Risk Management Strategy, service improvement and Improvement and Scrutiny deliberations. In particular, emphasis is placed on the ability to maintain and develop services through a five year forward financial planning process linked to agreed Council Plan and Service Plan objectives.

Financial Resilience

4.10.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) has developed its Financial Resilience Index, which is a comparative analytical tool to support good financial management, providing a common understanding within a council of its financial position. The index illustrates a range of measures associated with financial risk, including reserves balances and social care spend as a proportion of the Council's overall budget. Whilst the pandemic has resulted in a delay to the publication of the index, it is still able to provide a comprehensive pre-Covid-19 baseline, illustrating the financial resilience of authorities as they entered the pandemic. The most recent analysis shows that the Council has a history of managing and maintaining its reserves balances efficiently. Overall, the Council performs in the median range when compared to other County Councils, demonstrating a well-balanced approach to financial management against a backdrop of significant demand pressures and Government funding cuts. When the Financial Resilience Index is next published, the Council's relative performance is not expected to show a marked change to that published previously.

Financial Management Code

4.10.5 CIPFA has also designed the Financial Management Code (FM Code), to support good financial management, as well as demonstrating a local authority's financial sustainability, giving assurance that authorities are managing resources effectively. Complying with the standards set out in the FM Code is the collective responsibility of the Council's elected members, the S151 Officer and their professional colleagues in the Leadership Team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

4.10.6 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. By following its essential aspects, the Council will be providing evidence to show they are meeting important legislative requirements.

4.10.7 The Code is based on a series of principles supported by specific standards and statements which are considered necessary to managing finances over both the short and medium term, managing financial resilience to meet foreseen demands on services and to manage unexpected shocks in its financial circumstances.

4.10.8 Compliance is required in 2021-22. To demonstrate conformity with the FM Code's standards, a document evidencing the applicable parts of the Council's Constitution, Financial Regulations, reports and policies has been compiled. From work on this document to date it is evident that the Council already has a strong level of compliance with many aspects of the FM Code relevant to budget setting, including:

- Risk arrangements.
- The Chief Financial Officer's role within the Council.
- Budget and treasury management and strategy.
- Budget setting.
- Auditor Value for Money opinion.
- Capital strategy.
- Stakeholder engagement.
- Using reports to identify and correct emerging risks to the Council's financial sustainability.

4.10.9 A report was presented to Audit Committee in September 2021 which provided an update on the progress made to date in addressing the principles of the Code.

4.10.10 A financial resilience assessment is also required. In producing the assessment, the sensitivity of financial sustainability to alternative plausible scenarios for the key drivers of costs, service demands, and resources will be considered. This requires an analysis of future demand for key services and consideration of alternative options for matching demand to resources. Ongoing work demonstrates this assessment. It is again planned to complete this work following the setting of the Revenue Budget and ahead of closing the accounts. A short document will be produced, to support External Audit in arriving at their Value for Money opinion.

Spending Review 2021

4.10.11 The Government's commitment to support additional social care funding is welcome. However, it is not enough to meet the rising cost pressures experienced by the Council to date and over the medium-term. This report and the response to the Provisional Settlement demonstrate the exceptional demand led pressures experienced by local authorities in recent years. Disparities in the current funding regime need to be addressed so that there is a mechanism which addresses the funding disparity for social care across the country.

4.10.12 There is uncertainty around the variables used as part of the budget-setting process for 2022-23, exacerbated by the Covid-19 pandemic. There have been significant financial pressures as a result of the pandemic. However, planning has been based on what is known at this time. Whilst the Spending Review has provided some stability for the next three years, without a multi-year Settlement the medium to longer-term outlook remains unclear. All local authorities in the UK are faced with another period of uncertainty and without knowing what the individual funding allocations are likely to be beyond 2022-23 there is uncertainty as to what this means for the need for further austerity measures.

4.10.13 The Council has had sound financial management arrangements in place for a number of years, supported by a healthy, risk assessed five-year financial planning programme. It is because of these arrangements that the Council has been able to set balanced budgets year-on-year in the past and will be able to do so again for 2022-23. This does not mean that the setting of the 2022-23 revenue budget comes without risks which need to be properly identified and understood. The Council's Revenue Budget assumptions are predicated on making a 1% ASC Precept increase and a 2% general Council Tax increase, meaning a 3% Council Tax rise for residents, which is lower than the permitted 5%, including the remaining 2% ASC Precept increase from 2021-22, available to the Council in 2022-23. When the Council Tax increase of 2.5% was set for 2021-22, it was noted that the Council's service pressures would be more manageable if the ASC Council Tax rise is taken in full over the two years 2021-22 and 2022-23, to minimise cost pressures in 2022-23. Setting a low Council Tax increase again means that some difficult choices will be necessary in respect of 2022-23 priorities, as well as placing greater reliance on one-off funding to manage risks and service pressures.

Pressures

4.10.14 There is a significant commitment in the Council's 2022-23 revenue budget to provide an additional £44.5m of ongoing funding and £15.8m to further support the Council's Departmental service pressures:

- £27.1m of ongoing pressures allocated directly to Departments;
- £3.7m of ongoing budget to a Children's Services contingency until costs are known;
- £12.3m of inflation on independent care fees;
- £0.4m of inflation on street lighting energy;
- £1.0m of inflation on further energy and food price increases;
- £12.9m of reserves for one-off Departmental pressures; and
- £2.9m of reserves to a one-off Children's Services contingency until costs are known.

4.10.15 This commitment includes approximately £12m of ongoing budget growth for children's social care, with a further £4m held as a contingency for this purpose, until costs are known. The Children's Services budget has been under significant financial pressure for several years, despite significant additional ongoing budget increases and one-off funding, in particular aimed at meeting increases in the costs associated with rising numbers of looked after children. However, the fact remains that numbers are still rising, and predictive models currently used indicate a high degree of volatility in those numbers.

4.10.16 If current trends continue and the Government fails to provide adequate funding to support this, there will be further pressure on budgets in 2023-24 and in later years. The ability to estimate the value of these pressures or minimise demand is a challenge for the Council but needs clarity over the medium term.

4.10.17 This level of funding is considered to be affordable but with associated risks. In addition to the pressures recognised in the report for funding in 2022-23 there were a significant level of other pressure bids submitted by Departments which were not recommended for additional funding and are not covered by contingency funding in the 2022-23 revenue budget. In many cases this reflects uncertainty as to whether these pressures will either arise at all or to the level first indicated by departments. Consideration was given whether to include a further general contingency pressure, but this has not been possible, based on available funding. If these pressures do occur, the funding would initially come from the Council's General Reserve in 2022-23 but thereafter any such ongoing pressures must be met from additional savings that would need to be allocated to Departments on top of those forecast.

4.10.18 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.

Role of Audit Committee

4.10.19 The Council's Audit Committee receives regular reports detailing the strategic risks facing the Council, along with mitigation in place to ensure they are manageable. This provides a significant overview of the Council's potential liabilities and is supported by a rigorous set of processes across the organisation. Audit Committee also receives regular reports regarding the procedures and practices in place to ensure that the Council's budget and performance are closely monitored. In addition to this, Audit Committee received a report in December 2021 on the Production of 2022-23 Revenue Budget. Following presentation of the report, Members of the Audit Committee noted the process towards production of the 2022-23 Revenue Budget, the Revenue Budget Forecast Outturn for 2021-22, the key announcements in the Autumn Budget and SR 2021, relevant to local government, the quantum of Revenue Budget pressure bids received, which cannot all be funded without significant additional budget reductions across all areas, and the actions taken in respect of the shortlisting and agreement of Cost Pressure Bids to support the budget production process.

Reserves

4.10.20 An important link to the adequacy of reserves is the cash limit policy adopted some years ago. The approved Budget is expressed as cash limits. These should not be exceeded and where services have what are called "demand-led" issues, these are to be resolved in-year within cash limits. Budgets will continue to be subject to regular monitoring and reporting to both budget holders and Members. In recent years any year end overspending has tended to be met from the General Reserve rather than allocated to departments to find in the following year or from within their existing departmental reserves. In 2022-23 the ability to meet such pressures corporately will diminish based on medium term financial forecasts and departments should plan on the basis that they cannot rely on General Reserves to offset year end overspending.

4.10.21 The Council has in place a Reserves Policy which sets out the framework within which decisions will be made regarding the level of reserves. In line with this framework the balance and level of reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council. This covers both the General Reserve and Earmarked Reserves. Details of the latest review are included in a separate report for consideration at this meeting.

4.10.22 The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget savings target. There are pressures on demand-led services such as the ageing population, Children's Social Care, the NLW and waste disposal which will also have an impact on the balance if departments overspend. The level of the General Reserve is forecast to be between £10m and £39m over the medium term. Taking account of demand led pressures, any overspends in services over and above those currently projected could see the balance fall as low as £5m on the basis of a further £1m of annual overspends in each year of the forecast. Conversely, the Government may provide further funding for social care, which may reduce the call on the General Reserve to the value of £12m. This provides a worst/best case range of between £5m and £51m. In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of councils' net spending as a prudent level for risk-based reserves. Over the medium term the Council's forecast figure is between 1.4% and 3.4%.

4.10.23 It is recognised that the forecast General Reserve balance over the medium term is lower than would be preferred. Restorative measures will be utilised over the period of the FYFP to build back up the balance of the General Reserve. There are further options around the funding of planned capital investment projects which could release in excess of £30m of revenue contributions to fund capital expenditure which could alternatively be funded from additional borrowing and the money utilised instead to ensure that the Council's General Reserve position remains at a reasonable, risk-assessed level.

4.10.24 The Council's FYFP has identified the need for significant savings in the medium term. The achievement of these savings is critical in ensuring that the Council balances its budget.

4.10.25 In order to achieve a balanced budget over the medium term, the Council is reliant on the achievement of a programme of budget savings. Progress against the budget savings targets will be closely monitored, however, lead-in times for consultation activity and increased demand on services, such as adult care and children in care demographics, mean that there is a continued risk of not achieving a balanced budget. Indeed, certain budget savings that were identified in the last medium-term plan have since proved to be unachievable and others need to be found to substitute for them.

4.10.26 There is still a risk of delay in implementation or indeed an inability to progress a particular saving for a variety of reasons. Delay can be relatively straightforward to quantify and in global terms can be expressed by noting that an average one month's delay across all the savings identified for the coming year would require the use of around an additional £1m of General Reserve; as a one-off cost this is manageable within the context of the resources available. The non-achievement of an indicated saving is less manageable and as a consequence Executive Directors have been made aware of the need to bring forward alternative savings, to at least an equal value, should this scenario occur.

4.10.27 The Council has also established a Budget Management Earmarked Reserve which is being used to supplement the use of the General Reserve to manage, where appropriate, any delayed savings to services, as detailed earlier in this report. However, this Earmarked Reserve will be depleted in funding the one-off pressures in the 2022-23 Revenue Budget and measures will need to be considered to replenish it. The Council's Performance Monitoring and Revenue Outturn 2020-21 Report allocated £14.000m from 2020-21 underspends to a newly established Earmarked Reserve as a contingency against potential funding losses during the Covid-19 recovery period.

4.10.28 The Council made the strategic decision to fund its capital expenditure in 2018-19 to 2020-21 from additional borrowing, rather than its revenue budget. These revenue contributions are held in an Earmarked Reserve (the Revenue Contributions to Capital Expenditure Earmarked Reserve), which is being held to supplement the use of the General Reserve and support the management of revenue budgets over the medium term. The Revenue Budget Report 2020-21 and 2021-22 approved the use of one-off support for the revenue budget from this Earmarked Reserve and it proposed that there is further one-off support for the revenue budget in 2022-23. Further contributions to this Earmarked Reserve, in the region of £2m, should be possible in 2022-23.

4.10.29 Whilst the Council maintains an adequate level of General Reserve, failure to achieve the required level of budget savings, in order to balance the budget, would see the balance of the General Reserve significantly depleted and lead to issues around financial sustainability that would require urgent, radical savings rather than the planned process that minimises the impacts of reductions as far as possible. The table below illustrates the reasonable, pessimistic forecast of General Reserve balances over the medium term.

2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
21.272	14.622	13.572	11.022	9.522

4.10.30 Earmarked Reserves are required for specific purposes and are a means of smoothing out the costs associated with meeting known or predicted liabilities. These reserves have no specific limit set on them, but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside.

4.10.31 The external auditor makes a judgement on the financial stability of the Council each year when the accounts are audited. The judgement continues to be positive subject to the continuing achievement of budget savings and the maintenance of a robust, risk assessed level of reserves.

Medium Term Planning

4.10.32 Undoubtedly the Council has managed the achievement of a balanced budget in a robust and planned manner over the period of the downturn in general Government support for local authority spending since 2010 (albeit with increased funding support beginning to be received in recent years).

4.10.33 Given the significant uncertainty regarding Covid-19, the continuing period following EU Exit and local government devolution, together with the wide range of risks outlined below, it is vital that in setting the budget for 2022-23, consideration is also given to the financial years beyond it and the longer-term financial sustainability of the Council.

4.10.34 If the Council is to achieve its Council Plan vision, it needs services to be delivered on a stable financial footing. Setting a balanced budget in each year of the FYFP will still require significant savings to be found by departments. The demand pressure work for both Adult's and Children's Services have the potential to realise significant savings, but it should be noted that it will be some years before they are fully achieved. The pandemic has slowed down the Council's savings programme and Departments will again be playing 'catch-up' in the next financial year whilst battling with delivering substantial savings proposals identified for 2022-23 and preparing for more substantial savings required from 1 April 2023 onwards. These savings can be 'soft landed' to a limited extent, in the short-term, but this means the Council has to make potentially significant calls on reserves to do so, which will reduce flexibility later in the FYFP period.

4.10.35 Over recent years the Government has expected councils to rely more and more on Council Tax and localised Business Rates to fund services. Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the SR 2021 period, including investment in Adult Social Care reform. However, this increase is partly due to the ability of social care authorities to increase their Council Tax bills by up to 5%, depending on their increase in 2021-22.

4.10.36 The additional social care and service grant funding announced in SR2021 is welcome and helps to partly support the pressures on the Council's vital services, however, all services will have to find further savings to already stretched budgets.

4.10.37 There has been over a decade of reduced funding for local government. The Council has made well over £300m of savings during this period and whilst remaining committed to delivering value for money services, the ambition of the Council requires a significant period of transition to deliver the Strategic Approach as outlined in the Council Plan. There has to be a recognition that in some cases the Council may not be able to continue some services to the level it would like within the current funding envelope meaning some difficult decisions will be necessary.

4.10.38 Council Tax rises on households, many of which will be struggling as they cope with unemployment and an uncertain future, is a difficult decision. However, it is the single most effective way of providing base budget to support the delivery of services and maintain financial sustainability over the longer term. In the early days of the pandemic billing authorities anticipated that many households would struggle to pay Council Tax bills and there was an expectation that direct debit cancellations would be abundant. This has not transpired. Collection rates are back to around the level they were pre-pandemic.

4.11 Five Year Financial Plan

4.11.1 The Council's FYFP is reviewed and updated at least annually. It was updated and reported to Council in February 2021. The FYFP has been updated and this serves to inform the annual budget setting process. A copy of the FYFP is shown at Appendix Seven.

4.11.2 Members need to give consideration to a number of risks regarding the assumptions made in developing the FYFP, these being:

Risks and Uncertainties

- **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 1.4% of forecast FYFP spending in 2026-27. 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.

- **Pay –** the FYFP assumes that the Council's bottom pay-point reaches £10.69 an hour by 2024-25, which is based on the Government's NLW target to reach two thirds of median earnings by 2024. However, this wage is not calculated according to what employees and their families need to live, instead taking into account what is affordable for organisations. Under current Living Wage Foundation 'Real Living Wage' forecasts this would mean a rise to £10.50 per hour by 2024. In line with this forecast it is the Council's ambition that the Council's bottom pay-point will be £10.50 an hour by 2024. However, this pay ambition is not currently affordable within the constraints of the Council's funding.

  The Council would welcome Government support for local authorities in the 2022-23 Settlement, or if that is not possible, in future settlements, to address the serious issue of increasing pay award pressures in a period of rising inflation. Additional funding would assist the Council in its recruitment and retention of staff, which is becoming increasingly difficult at this key time for local authorities, when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.

- **Economic Climate** – the Covid-19 pandemic has resulted in a significant economic shock, from which the economy has partly bounced back, but it has taken some time to recover Gross Domestic Product to pre-pandemic levels. Rising inflation means there is the potential for reductions in the Council's income for discretionary services.

- **Spending Reviews** – the Government has issued single year spending reviews for the last three financial years. Despite the signals, 2022-23 will be the fourth continuous single-year settlement. A multi-year settlement provides local authorities with some certainty, supporting medium-term financial and service planning, and financial sustainability. 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 was again postponed. 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 Council's allocation for 2022-23 is expected to be announced in January 2022 and will most likely rise with inflation, however, this is still to be confirmed. The Government has also not yet confirmed whether the ring-fence and grant conditions will remain in place, but it is expected that they will, until at least 31 March 2023. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews, levelling up communities and addressing health inequalities exposed by Covid-19.

- **Devolution** – the expected Devolution White Paper is considered likely to be replaced by the Levelling Up White Paper, but this has yet to be published. It was expected in December 2021.

- **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** – no additional Covid-19 funding has been announced in the Provisional Settlement, although Government might review this, now the more infectious Omicron variant of concern has become dominant and new wave cases have dramatically increased. However, cases may have peaked in some areas and hospitalisations are much lower than the levels this time last year.

Covid-19 pressures for the Council have intensified, with rising costs, underlining the urgency for Government to extend outbreak funding for councils beyond March 2022. The Council would also welcome confirmation that previously issued Covid-19 funding will not be clawed back, given the uncertainty around new variants and the potential for further restrictions. This would give some certainty and allow the Council to plan accordingly.

4.11.3 Further significant risks are illustrated below.

Local Taxation

4.11.4 The following risks have been identified in respect of the Council's locally raised income from taxation, which is the income the Council receives from locally retained Business Rates, Council Tax and fees and charges. These risks must be managed effectively.

- **Current national and local economic conditions** - including inflation levels, economic growth rates, interest rates and unemployment levels, impacting on Business Rates, Council Tax and income from fees and charges.

- **Collection of amounts owed** – collection fund deficits for both Council Tax and Business Rates result and increase when there is a reduction in collection rates and this depends on the effectiveness of local borough and district councils, as well as on economic conditions.

- **Business Rates appeals** – exposure to appeals against rate valuations and avoidance of the tax. Whilst some appeals will go in the favour of local authorities, the uncertainty of the outcome and lack of knowledge about the timing of the decision means that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services.

- **Business Rates as taxation** – it is presently not known how the Government's commitment to conducting a fundamental review of Business Rates as a tax, engaging with businesses and local authorities might affect the Business Rates Retention system or future Local Government funding arrangements.

- **Future Council Tax levels** - a long-term consensus on future Council tax levels needs to be agreed as part of a strategy for the Council, within the context of forecast Referendum Principles limits.

- **Trading operations** – these have been pursued by departments for several years as a means of balancing budgets. The Covid-19 pandemic has highlighted the reliance of some services on external income from sales, fees and charges. Whilst the Government's scheme has assisted in meeting some of the shortfall, it has now ended, and adequate charges should reflect risk to provide security when incomes fall. A thorough review of services and charges must be undertaken in order to minimise risk to the rest of the Council's service delivery.

Service Pressures

4.11.5 The increasing importance of the identification of the nature and size of future budget pressures will require changes to the horizon scanning currently undertaken by 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 pressure bids and ensuring these are adequately reflected in risk registers, alongside suitable mitigations, but there is still more work required in this area.

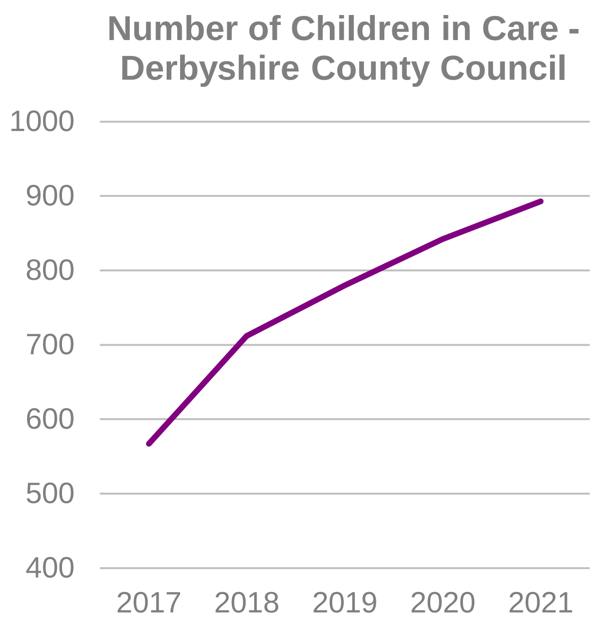
4.11.6 All other budgetary pressures will need to be contained within departmental budgets. As stated in the Revenue Budget Report 2021-22, where departments overspend from 2021-22 onwards, the Council's policy of ensuring that the departmental overspend is met from that department's budget in the following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

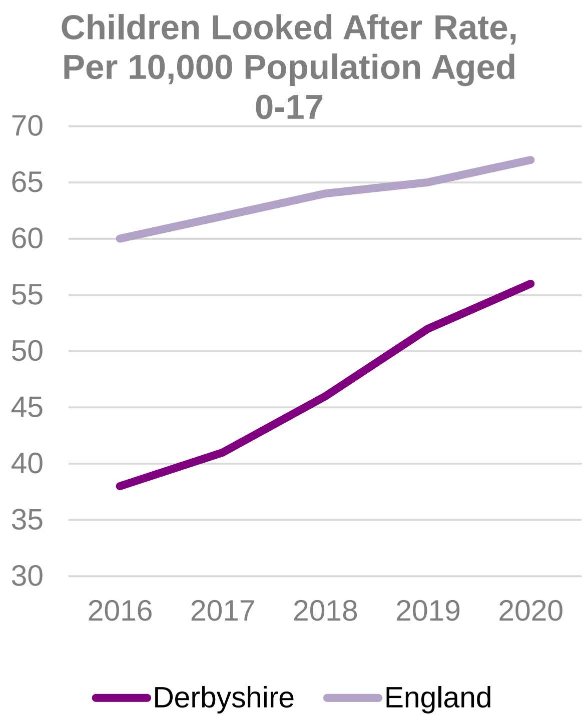
4.11.7 The Council's significant budget pressures are considered further below:

Children's Social Care

- As an upper tier authority, the Council is responsible for providing children's social care services. Those services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

- Nationally the number of children in care has risen significantly over the past decade creating unprecedented demand pressures on children’s services. The national picture is being reflected in Derbyshire.



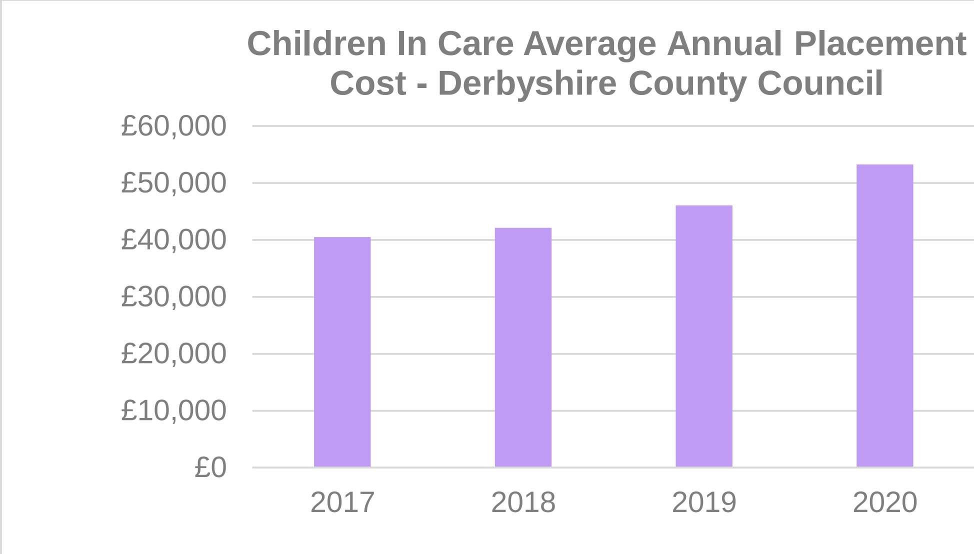


- As at 30 November 2021 there were 921 children in the care of the Council, a 30% increase on the number four years ago.

- The costs of caring for looked after children have also been rising.

- Emerging findings from a study into ‘The Future of Children’s Social Care’ services, published in November 2021 by The County Councils Network (CCN) and Newton, found that the number of children in residential care across England has increased by 27% since 2015, largely due to councils struggling to source suitable alternatives, such as foster carers, and children staying in the care system for longer.

- Residential care is the most expensive form of care and average costs per week have been rising significantly. The study found that average residential placement costs falling to local authorities in England have increased by 43% over the five-year period to April 2020.



- These nationwide pressures are being reflected in Derbyshire.

- These pressures are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continue to express concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

Schools and Learning

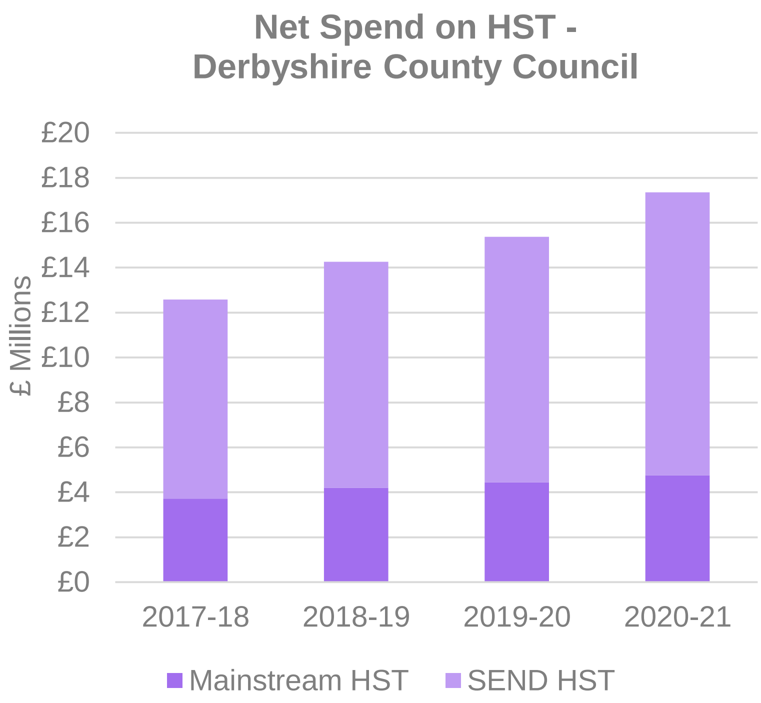
Whilst expenditure on school related activity would normally be expected to be met from within the allocated DSG, there are some school based pressures which could fall to the Council's General Reserve to fund:

- The Council's accumulated DSG deficit at 31 March 2022 is expected to be at least £5.5m and will need to be recovered from future DSG income. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2021 DSG announcement provided for an increase in High Needs funding of £11.638m (13.1%), however it is likely that further demand pressures may still result in spend exceeding income in 2022-23.

- Deficit balances that exist at the point a school becomes an academy may be left with the Council to fund. This is the case for 'sponsored' academies. Sponsored academies are those where conversion is a result of intervention, or where the school is not considered to be strong enough without the aid of a sponsor.

- There are some statutory duties relating to education which are funded from the Council's revenue funding. These include home to school transport (HST).

- Transport cost increases and growing number of pupils eligible for Council-funded transport have led to significant increases in spend on HST, in particular HST provided for children with special educational needs and disabilities (SEND).



- Net costs have risen by 38% in the last four years and this trend is expected to continue.

Adult 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 £5-6m each year are predicted to continue for at least the next five years.

- Over the last few years, the NLW has increased annually by between 2% and 7%. For 2022-23, the increase is 6.6%. 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 up to an additional £15m each year for at least the next five years.

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 previous project agreement contains a process for the councils to pay an "estimated fair value" (EFV) 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. The councils are trying to complete this within as short a time frame as possible, but the councils are not wholly accountable for the actions needed, as third parties have a direct influence on how long the process may actually take.

- If an agreed EFV cannot be reached through negotiation, it would need to be resolved through formal dispute resolution processes. At the time of publication of this Council Report, an agreed EFV has not been reached.

Climate Change

- Climate Change 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.

Budget Savings

4.11.8 Budget savings identified must be achieved. Any reduction in the amount achieved will continue to be at the relevant department's risk and will require other savings to be made to offset them. Further savings need to be identified in detail over the medium term and in order to aid planning. This is particularly necessary given the increased savings gap.

Council Plan Priorities

4.11.9 Council Plan priorities have been considered within the context of budget restraint. This was evidenced in a budget prioritisation exercise held during a full day Corporate Management Team Budget Session in December 2021, when competing service pressures were ranked against a number of measures, including whether they met the Council objectives of Resilient, Healthy and Safe Communities; High Performing, Value for Money and Resident Focused Services; Effective Early Help for Individuals and Communities and A Prosperous and Green Derbyshire. The other measures were, 'how likely is it to happen?', 'is it statutory?', 'is it a priority in the Council Plan?', 'is it an invest to save/grow?' and 'can it be deferred into future years?'. The output of this exercise helped to inform the final decisions made in terms of which service pressures to support.

Summary

4.11.10 The degree of uncertainty over medium term funding can be related to the following issues in particular:

- The increasing likelihood of councils issuing 'Section 114' notices (see Section 4.11.18 below) allied to the requirements of the Financial Management Code for transparency in the sustainability of individual local authorities.
- The continuing increase in pressures.
- The need to maintain a significant and risk assessed level of reserves over the medium term.
- The increasing difficulty in making significant and sustainable budget reductions.

4.11.11 The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Monitoring Officer, S151 Officer and Head of Paid Service, in addition to the current political arrangements. An overview of this governance framework is provided within the Annual Governance Statement (AGS), which is included in the Statement of Accounts. This includes a detailed review of the effectiveness of the Council's governance arrangements. Whilst it is not possible to provide absolute assurance, the review process as outlined in the AGS does conclude that the existing arrangements remain fit for purposes and help provide reasonable assurance of their effectiveness.

4.11.12 The Council's Annual Governance Statement process has not identified any material issues that may significantly impact on the Council's Financial Resilience, except for the impact of Covid-19 on financial sustainability, which has been considered. The Council is working with the Local Resilience Forum and a range of partners locally and regionally on a Covid-19 recovery programme.

4.11.13 As a principal local authority, the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement to set a balanced budget each year, combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and Government control, there are other factors, such as the role undertaken by the external auditor, as well as the statutory requirement, in some cases, for compliance with best practice and guidance published by CIPFA and other relevant bodies. For example, the Council has measured itself against the principles set out in CIPFA's Financial Management Code and is confident that it is achieving these in all substantive areas.

4.11.14 Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail', with the likelihood being that when faced with such a scenario, that Government would intervene, supported by organisations such as the Local Government Association, to bring about the required improvements or maintain service delivery.

4.11.15 However, given the severity of the Covid-19 pandemic on the country's finances, it would be complacent to rely on Government intervention. DLUHC has conceded that authorities could still be left with unmanageable pressures and may continue to be concerned about their future financial position, urging any authority that found itself in that position to contact the department with immediate effect.

4.11.16 The Council has deployable resources and assets at its disposal in the short to medium term. The greatest risk to its financial sustainability in the longer term is from not achieving substantial budget savings, demand pressures on looked after children, the effect of demographic growth on Adult Social Care costs and concern over inflation. The Covid-19 pandemic has delivered a significant economic shock. In October 2021 annual UK Consumer Price Inflation (CPI) reached 4.2%, largely due to surging demand and supply chain problems. However, labour market data shows that in the three months to September 2021 the unemployment rate fell to 4.3%. Growth in average regular pay was 4.9% over the period July to September 2021. The robust growth figures are partially due to measurement against a low base, following on from a decline in average pay in Spring 2020 associated with the furlough scheme. Furthermore, the Spending Review 2021 indicates that there will be support for local government over the next three years, with some level of certainty being given.

4.11.17 There remains a risk to its financial sustainability in the longer term from costs associated with Covid-19 and of not achieving substantial budget savings.

4.11.18 In Local Government, the Chief Finance Officer, also known as the Section 151 Officer (S151 Officer), has the power to issue a Section 114 notice (S114 notice) if there is a significant risk that the Council will not be in a position to deliver a balanced budget by the end of the current financial year. This is an emergency situation whereby a response is required by legislation. Councillors have 21 days from the issue of a S114 notice to discuss the implications at a Full Council meeting. The notice means that no new expenditure is permitted, with the exception of safeguarding vulnerable people and statutory services and continuing to meet existing contract obligations. Council officers must therefore carry out their duties in line with contractual obligations and to acceptable standards, whilst being aware of the financial situation. Any spending that is not essential or which can be postponed should not take place and essential spend is monitored. The only allowable expenditure permitted under an emergency protocol includes the following categories:

- Existing staff payroll and pension costs.
- Expenditure on goods and services which have already been received.
- Expenditure required to deliver the council’s provision of statutory services at a minimum possible level.
- Urgent expenditure required to safeguard vulnerable residents.
- Expenditure required through existing legal agreements and contracts.
- Expenditure funded through ring-fenced grants.
- Expenditure necessary to achieve value for money and/or mitigate additional in year costs.

4.11.19 Three councils have issued S114 notices in the last three years - Northamptonshire in 2018, Croydon in late 2020, and Slough in July 2021. In October 2021 DLUHC published its response to the Select Committee's report on Financial Sustainability and the S114 Regime. The value of local government and the vital role the sector plays in delivering key public services is recognised, as well as the challenges the sector is currently facing. DLUHC states that it will work to provide a sustainable financial footing, enabling delivery of vital frontline services and supporting other government priorities. In taking stock to determine any future reforms it will consider the impact of the pandemic on local authority resources and service pressures. The report includes responses to thirteen recommendations on social care, funding, Covid-19, local authority commercial investment and audit and control. These matters, along with information on an assessment of the Council's position, were reported to the Council's Audit Committee in December 2021. Despite the current financial pressures there is no intention at this time for the Council's S151 Officer to issue a S114 notice.

4.11.20 Additionally, a report of the assessment of the Council's Director of Finance & ICT (now Executive Director, Corporate Services and Transformation), as S151 Officer, of the Council's status as a 'going concern' for the purpose of producing its Statement of Accounts for 2020-21, was reported to the same meeting.

4.11.21 It is unclear how much further Government support will be provided to cover the costs resulting from the pandemic; these costs are expected to be well in excess of the support already provided. Although the immediate impact of losses on the Council Tax and Business Rates collection funds has been eased, by allowing these costs to be spread over three years instead of one, the Government's has only committed to reimburse councils for some of these losses. It is also apparent that Government will only provide compensation for some of the Council's lost income from fees and charges. Consideration will be required as to how the Council can react to replace these income streams if they fail to recover to pre-Covid-19 levels.

4.11.22 Despite these risks, the Council has sufficient reserves it can deploy to meet the anticipated funding shortfall, should it be required to do so. If it were to use its reserves for this purpose, however, this would significantly impact on the funding of the Council's planned improvements, delay some savings plans and require additional general reserves to be set aside in order to ensure that the balance of general reserves remains at a prudent risk-assessed level. Due to the Council's Treasury Management Strategy over the last decade being to use internal borrowing, rather than take on new long-term external borrowing, the Council has head-room, within the scope of its powers under the Prudential Framework, to take on additional external borrowing to preserve the liquidity of its cash flow, should it need to do so.

4.11.23 Experience and investigations into those councils experiencing financial failure demonstrates that periods of lower than allowed Council Tax rises can contribute significantly to exacerbate other financial issues, such as reducing Government support, increasing budget pressures, an overly-optimistic savings programme or lack of strength on the Balance Sheet.

4.11.24 It is clear that it is vital that budget savings are delivered according to realistic plans and that tough decisions are taken to balance the budget.

4.11.25 Having regard to the Council's arrangements and the factors as highlighted in this report, the Executive Director, Corporate Services and Transformation, as S151 Officer, concludes that Derbyshire County Council can set a balanced budget for 2022-23 and across the period of the FYFP and that it remains a going concern, although it will continue to require difficult decisions to be made and strong, robust financial management.

5 Consultation

5.1 The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget. However, recently as part of the significant budget savings required, the Council has enhanced the value of the consultation exercises by using alternative approaches.

5.2 A separate report highlighting consultation activity recently undertaken is also on the agenda for consideration at this meeting. The responses to that consultation exercise must be conscientiously taken into account when this decision is taken.

6 Alternative Options Considered

6.1 Do nothing – This would be contra to Appendix Seven of the Council's Constitution – Budget and Policy Framework Procedure Rules, which requires that Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise precepts before the statutory deadline of 1 March.

6.2 Decide that there is a significant risk that the Council will not be in a position to deliver a balanced budget by the end of the current financial year, requiring the S151 Officer to issue a S114 notice – Having regard to the Council's arrangements and the factors as highlighted in this report, the Executive Director, Corporate Services and Transformation, as S151 Officer, has concluded that the Council can set a balanced budget for 2022-23 and across the period of the FYFP and that it remains a going concern, although it will continue to require difficult decisions to be made and strong, robust financial management.

6.3 Present alternative budget proposals to achieve a balanced budget - Other options, which would still allow a balanced budget to be set, are available as alternatives to the budget proposals presented. These are the options that have been considered but are not recommended for the following reasons:

- Increasing 2022-23 Council Tax at the maximum permitted 5%, exercising the Council's option of levying the remaining 2% ASC Precept from 2021-22, in addition to the increases permitted by the 2022-23 Referendum Principles.

  This option has been considered because:

  - In 2021-22 the Council has the lowest mean average Council Tax paid per household amongst the fourteen shire county councils who provide the same services.
  - A 5% increase would lock into the Council's base budget additional ongoing funding of around £7m each year, over and above the proposed 3% total increase.
  - It would further recognise and contribute to the Adult Social Care pressures the Council is experiencing, in conjunction with the significant increase in general budget pressures.

  This option is not recommended, in order to protect Derbyshire residents from an additional Council Tax increase, in a year when they will already be experiencing significant increases in National Insurance taxation and other household bills, such as for energy and food. By not taking this option it will save Derbyshire households over £28m over the medium term.

  The proposed Council Tax increase of 3% strikes a balance between the Council's need for additional funding to meet increasing Service Pressures and giving due consideration to the current inflationary pressures faced by Derbyshire residents.

- Providing Departments with full funding for initially identified ongoing services pressures.

  This option has been considered because:

  - Departments' Senior Management Teams have already invested significant effort in addressing forecast Service

Pressures before commencement of the 2022-23 budget setting process and during it, in particular through a number of cost reduction initiatives which are underway in Children's Services. Although these are being used to mitigate overspends and reduce the need for budget growth across the period of the FYFP, there is still identified increasing demand for additional funding to provide vital Council services.

This option is not recommended, as the allocation of this additional funding would mean that Departments would have to find further 2022-23 savings equal to this increased funding because the amount of overall external funding does not change as a result of following this option. Departments would be allocated an additional target saving effectively split pro-rata based on departmental net budgets.

Significant budget savings in respect of demand management and service improvements have already been delivered and are planned to be delivered over the course of the FYFP, in particular from the Adult Social Care and Health Better Lives programme. A significant funding gap remains in the FYFP, where no savings proposals have been brought forward. Departments are already experiencing some difficulty in bringing forward further savings proposals for due consideration, and the Covid-19 pandemic is impacting on this and the delivery of earlier identified and approved Departmental savings. It is a requirement for Departments to deliver the savings previously identified for the next financial year and this will be a challenge without any further allocations.

Given this situation, it is considered to be better financial management practice for the total amount of Service Pressures awarded to reflect the extent of additional funding forecast to be available within the confines of sound medium term financial planning. In view of this, the Council's Corporate Management Team has invested significant cross-Departmental time and effort to review and reduce Service Pressures. Departments have worked together to assess and revise Service Pressures bids, thoroughly considering risk, service priorities and need.

At this stage it is also unknown to what, if any, extent additional Covid-19 funding will be provided by Government to meet those Departmental Service Pressures which are particularly being impacted by the pandemic. Any such additional specific funding received will be allocated to the Departments concerned and any such additional general funding will be reviewed in-year and allocated to Departments, on the basis of need. This will be reported on in the usual way, in the Budget Monitoring and Forecast Outturn 2022-23 reports, to Audit Committee, Cabinet and Council.

Furthermore, it is possible that forecast Locally Retained Business Rates income is higher than assumed. The final position will not be known until 31 January 2022. This could lead to additional one-off funding being received, which would lessen the impact on reserves of any Departmental overspends in 2022-23.

- Alternative allocation of 2022-23 budget savings - Departments would be allocated a target saving effectively split pro-rata based on departmental net budgets. This is the method of allocating budget savings used by the Council up to 2020-21. This option for allocating 2022-23 budget savings is not recommended because in view of the severe pressures being experienced by Children's Services, it is considered to be good financial management to continue the practice of affording significant protection for the Children's Services budget, as in 2021-22.

7 Implications

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

8 Background Papers

8.1 Autumn Budget and Spending Review 2021.

8.2 Provisional Local Government Finance Settlement 2022-23 – Department for Levelling Up, Housing and Communities.

8.3 Initial budget Equality Impact Assessment.

8.4 Papers held electronically by Financial Strategy Section, Financial Management & Strategy, Finance & ICT Division, County Hall.

9 Appendices

9.1 Appendix One – Implications.

9.2 Appendix Two – Revenue Budget 2022-23.

9.3 Appendix Three – Response to Provisional Local Government Finance Settlement 2022-23.

9.4 Appendix Four – Council Tax 2022-23.

9.5 Appendix Five – Service Pressures 2022-23.

9.6 Appendix Six – Budget Savings Proposals 2022-23 to 2026-27.

9.7 Appendix Seven – Five Year Financial Plan 2022-23 to 2026-27.

9.8 Appendix Eight – Equality Impact Analysis Revenue Budget 2022-23.

10 Recommendations

That Council:

10.1 Notes the details of the Autumn Budget, Spending Review 2021 and Provisional Local Government Finance Settlement as outlined in sections 4.3 and 4.4.

10.2 Notes the Government's expectations about Council Tax levels for 2022-23 in section 4.5.

10.3 Approves the precepts as outlined in section 4.5 and Appendix Four.

10.4 Approves that billing authorities are informed of Council Tax levels arising from the budget proposals as outlined in section 4.5 and Appendix Four.

10.5 Approves the contingency to cover non-standard inflation as outlined in section 4.7. The contingency to be allocated by the Executive Director, Corporate Services and Transformation, as S151 Officer, once non-standard inflation has been agreed.

10.6 Approves the service pressure items identified in section 4.8 and Appendix Five.

10.7 Approves the level and allocation of budget savings as outlined in section 4.9 and Appendix Six.

10.8 Notes the comments of the Executive Director, Corporate Services and Transformation, as S151 Officer, about the robustness of the estimates and adequacy of the reserves as outlined in section 4.10.

10.9 Notes the details of the Council's consultation activity as outlined in section 5.

10.10 Approves the Council Tax requirement of £369.688m which is calculated as follows:

10.11

	£
Budget Before Pressures and Budget Reductions	**579,512,755**
Plus Service Pressures – on-going	27,214,156
Plus Adult Social Care Precept	3,555,844
Plus Service Pressures - one-off	17,207,000
Less Budget Reductions	-8,057,000
Increase in Debt Charges	7,000,000
Decrease in Risk Management Budget	-7,975,684
Net Budget Requirement	**618,457,071**
Less Top-Up	-94,891,733
Less Business Rates	-15,875,000
Less Revenue Support Grant	-14,231,306
Less New Homes Bonus	-1,868,167
Less General Grant	-90,396,308
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-21,003,051
Balance to be met from Council Tax	**369,687,673**

10.12 Approves the use of the Revenue Contributions to Capital Expenditure Earmarked Reserve to provide one-off support to the 2022-23 Revenue Budget.

10.13 Authorises the Executive Director, Corporate Services and Transformation, as S151 Officer, to allocate cash limits amongst Cabinet portfolios; Executive Directors will then report to Cabinet on the revised Service Plans for 2022-23.

11 Reasons for Recommendations

11.1 Appendix Seven of the Council's Constitution – Budget and Policy Framework Procedure Rules, requires that Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise precepts before the statutory deadline of 1 March.

11.2 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

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

Report Author: Eleanor Scriven

Contact details: eleanor.scriven@derbyshire.gov.uk

This report has been approved by the following officers:

On behalf of: Managing Director Executive Director, Corporate Services and Transformation (S151 Officer) Director of Legal Services and Monitoring Officer	

Implications

Financial

1.1 Considered in the body of the report.

Legal

2.1 The Council's Constitution contains Budget and Policy Framework Procedure Rules which must be followed when the Council sets its budget. Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise the precepts before 1 March. The Revenue Budget Report was identified and published as a key decision with 28 days' notice.

2.2 When setting the budget, the Council must be mindful of the potential impact on service users. The consultation exercises which have been undertaken in the preparation of the 2022-23 budget are relevant in this respect. Members are invited to have regard to the legal implications contained in the Budget Consultation Results Report for 2022-23.

2.3 Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).

2.4 A high-level equality analysis has been carried out and is included at Appendix Eight. Even though this is a high-level analysis and, as noted below, there will be detailed analyses undertaken for specific service reductions, it is still essential that Members read and consider the analysis to be provided alongside this report. It will be noted that the analysis identifies a number of potential areas of detriment and Members are asked to pay careful regard to this in considering the recommendations made in this report. Once the budget has been set and as spending decisions are made, service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and will be subject to an appropriate and proportionate assessment of any equality implications as well as consultation, including consultation on a range of options, where appropriate.

Human Resources

3.1 The actual scale and detailed composition of job losses involved will not become clear until the necessary consultations are concluded, and final decisions are made on individual savings proposals. It is, however, evident that given the level of budget savings identified the scale of workforce re-alignment will be significant. The Council will seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the use of measures such as vacancy control, redeployment, voluntary release, etc. and the further development of an internal jobs market.

3.2 The Council has a statutory responsibility to consult with the relevant trade unions when potential redundancy situations arise. At future meetings Cabinet will be asked to approve such consultation, where necessary, as well as reviewing the application of the appropriate HR measures to mitigate the effect of the budget reductions.

Information Technology

4.1 None

Equalities Impact

5.1 An initial Equality Analysis has been carried out in relation to the Council's proposed Revenue Budget Report 2022-23. This outlines the overall likely impacts upon the different protected characteristic groups and is based on those areas which have been identified for savings. It also reflects upon the ongoing work to develop cumulative impact analysis and to consider the linkages between the Council's budget savings and those being made elsewhere in Government and by public sector partners.

5.2 Increasingly budget savings are resulting in reductions or changes to frontline services, which directly affect the people of Derbyshire. In particular, they are likely to pose a potential adverse impact for some older people, disabled people, children and younger people and families. In part this is because many of the Council's services are targeted at these groups and these services command the largest parts of the Council's budget. At the same time, other national and local changes are also likely to continue to affect these groups in particular. As indicated above, an initial budget Equality Analysis has been carried out and a copy is included at Appendix Eight. Members are asked to read this analysis carefully. As explained above, this assessment helps identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process prior to Cabinet decisions on individual services.

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

REVENUE BUDGET 2022-23

SERVICE	Adjusted Base	Funding Changes	Base after Funding Changes	Pay and Price Inflation	Base Plus Inflation	Ongoing Pressures	Adult Social Care Precept	Budget Savings Target	Base Budget Ongoing	One off Pressures	Budget 2022-23
	£	£	£	£	£	£		£	£	£	£
Adult Social Care and Health	254,220,390	0	254,220,390	1,318	254,221,708	1,460,156	3,555,844	-6,811,000	252,426,708	0	252,426,708
Children's Services	126,889,398	0	126,889,398	3,259	126,892,657	11,520,000	0	-46,000	138,366,657	3,541,000	141,907,657
Place	74,748,150	0	74,748,150	13,231	74,761,381	2,472,000	0	-756,000	76,477,381	4,303,000	80,780,381
Corporate Services and Transformation	65,424,671	0	65,424,671	28,086	65,452,757	8,060,000	0	-444,000	73,068,757	5,036,000	78,104,757
Service Totals	**521,282,609**	**0**	**521,282,609**	**45,894**	**521,328,503**	**23,512,156**	**3,555,844**	**-8,057,000**	**540,339,503**	**12,880,000**	**553,219,503**
Plus Contingency	0	0	0	25,441,000	25,441,000	3,702,000	0	0	29,143,000	4,327,000	33,470,000
Plus External Debt Charges	28,783,568	0	28,783,568	0	28,783,568	7,000,000	0	0	35,783,568	0	35,783,568
Plus Risk Management Budget	10,288,684	0	10,288,684	-2,313,000	7,975,684	-7,975,684	0	0	0	0	0
Less Interest Receipts	-4,016,000	0	-4,016,000	0	-4,016,000	0	0	0	-4,016,000	0	-4,016,000
Net Budget Requirement	**556,338,861**	**0**	**556,338,861**	**23,173,894**	**579,512,755**	**26,238,472**	**3,555,844**	**-8,057,000**	**601,250,071**	**17,207,000**	**618,457,071**
FUNDED BY:											
Council Tax	348,821,816	20,865,857	369,687,673	0	369,687,673	0	0	0	369,687,673	0	369,687,673
Top Up	94,891,733	0	94,891,733	0	94,891,733	0	0	0	94,891,733	0	94,891,733
Business Rates	17,679,000	-1,804,000	15,875,000	0	15,875,000	0	0	0	15,875,000	0	15,875,000
Revenue Support Grant	13,813,482	417,824	14,231,306	0	14,231,306	0	0	0	14,231,306	0	14,231,306
New Homes Bonus	1,548,507	319,660	1,868,167	0	1,868,167	0	0	0	1,868,167	0	1,868,167
General Grant	69,080,490	21,315,818	90,396,308	0	90,396,308	0	0	0	90,396,308	0	90,396,308
PFI Grant	10,503,833	0	10,503,833	0	10,503,833	0	0	0	10,503,833	0	10,503,833
Use of Earmarked Reserve	0	0	0	0	0	0	0	0	0	21,003,051	21,003,051
	556,338,861	**41,115,159**	**597,454,020**	**0**	**597,454,020**	**0**	**0**	**0**	**597,454,020**	**21,003,051**	**618,457,071**

Appendix Three

RESPONSE TO PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2022-23

Peter Handford
Executive Director
Corporate Services and Transformation
County Hall
Matlock
Derbyshire DE4 3AH

Local Government Finance Settlement Team
Department for Levelling Up, Housing and Communities
2nd floor, Fry Building
2 Marsham Street
LONDON, SW1P 4DF

Ask for:	Eleanor Scriven
Our ref:	ES/SP
Date:	13 January 2022

Dear Sir/Madam

Provisional Local Government Finance Settlement 2022-23

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2022-23, details of which were published on the 16 December 2021. The Council's response is set out below.

Covid-19 Related Costs

Although no additional funding to support Covid-19 related costs has been provided, the Council welcomes the indication that this will be reviewed early in 2022. With the spread of the Omicron variant, Covid-19 pressures are again intensifying, and costs are rising, underlining the urgency for Government to extend outbreak funding for councils beyond March 2022.

The Council would also welcome confirmation that previously issued Covid-19 funding will not be clawed back, given the uncertainty around new variants and the potential for further restrictions. This would give some certainty and allow the Council to plan accordingly.

Fair Funding

The Council is pleased that Government continues to recognise that the mechanism for allocating mainstream funding to local authorities is in need of revision, to ensure that the costs of providing services, particularly in respect of social care, are accurately reflected in the distribution methodology. The proposed Local Government Finance Settlement for 2022-23 includes around £1.6bn of new funding to be allocated over each year of the Spending Review 2021 period, for social care and other services. This is the largest increase in core local government funding in over a decade.

Councils will have the option to raise more funding for adult social care, where needed, through additional Council Tax flexibilities. Although Government assumes that every local authority will raise their Council Tax by the maximum permitted without a referendum, this leaves councils facing the tough choices about whether to increase Council Tax bills to bring in desperately needed funding at a time when they are acutely aware of the significant burden that could place on some households.

However, even with this additional funding, there remains a substantial unresolved funding gap between the cost of service demand and the resources available. The Local Government Association (LGA) has said that local services will cost at least £8 billion more by 2024, which cannot be funded by Council Tax alone.

Social Care Costs

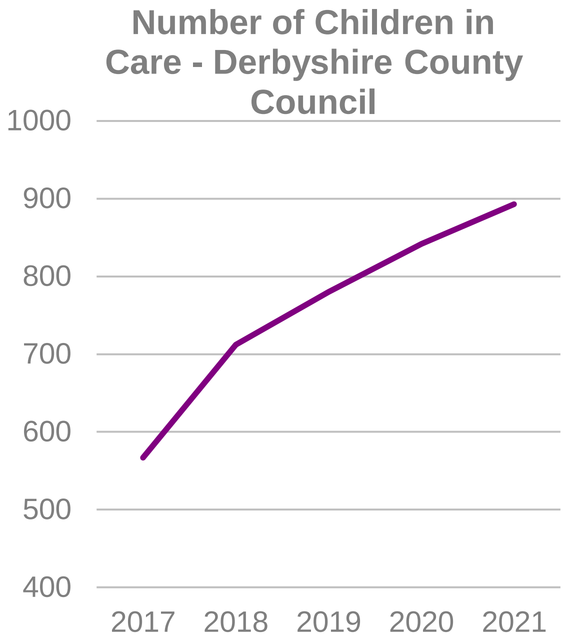
Adult Social Care
Demographic growth continues to affect adult social care costs. Growth predictions show that the Council is subject to approximate annual increases of £3m in relation to adult services, with a further £2m for children transitioning to adulthood. These additional costs of £5-6m each year are predicted to continue for at least the next five years.

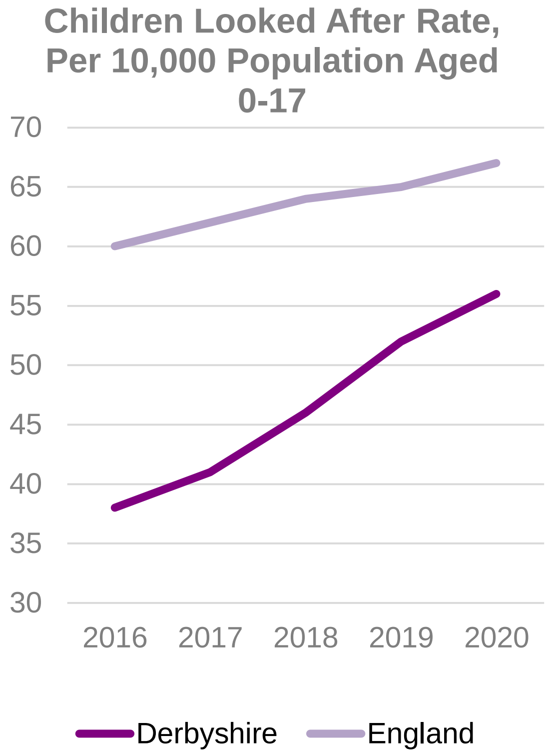
Over the last few years, the National Living Wage has increased annually by between 2% and 7%. For 2022-23 the increase is 6.6%. These increases directly impact on the fees the Council pays to the independent sector. If this level of increase is to continue it could cost the Council up to an additional £15m each year for at least the next five years.

The introduction of the Social Care Levy in April 2022 will be too late for the pressures faced by local authorities now. An urgent cash injection of new funding to tackle the pressures faced by the care system is required. This includes staff pay, to help with recruitment and retention, which has been significantly impacted by the pandemic.

Children's Social Care

As an upper tier authority, the Council is responsible for providing children's social care services. Those services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.



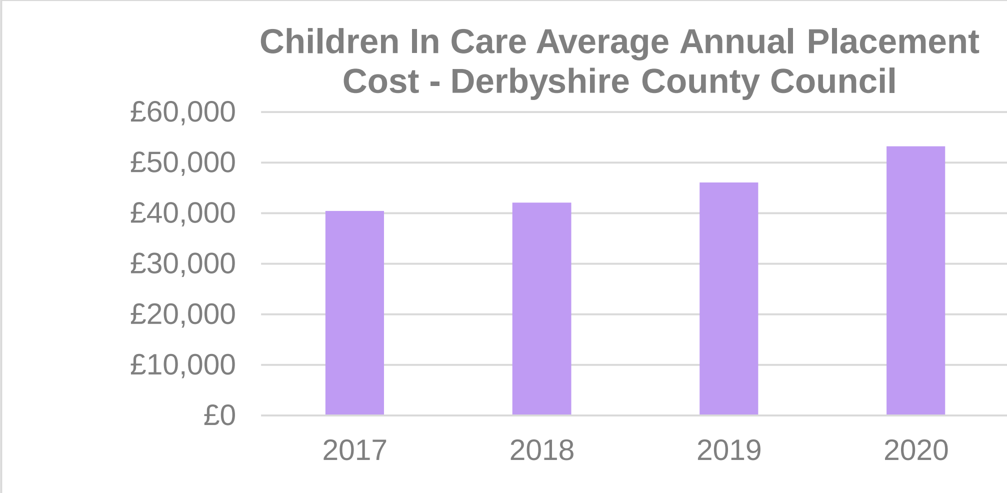


As at 30 November 2021 there were 921 children in the care of the Council, a 30% increase on the number four years ago.

The costs of caring for looked after children have also been rising.

Emerging findings from a study into 'The Future of Children's Social Care' services, published in November 2021 by The County Councils Network (CCN) and Newton Europe, found that the number of children in residential care across England has increased by 27% since 2015, largely due to councils struggling to source suitable alternatives, such as foster carers, and children staying in the care system for longer.

Residential care is the most expensive form of care and average costs per week have been rising significantly. The study found that average residential placement costs falling to local authorities in England have increased by 43% over the five-year period to April 2020.



These nationwide pressures are being reflected in Derbyshire.

These pressures are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continue to express concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

Funding

The Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at the Spring Budget 2017, allocated over a three-year period, reaching £1.8bn in 2019-20 nationally. In 2020-21 the Improved Better Care Fund additionally incorporated £240m of funding allocated as a Winter Pressures Grant in 2019-20, no longer ring-fenced for alleviating NHS winter pressures. For 2021-22, funding was maintained at 2020-21 cash terms levels (£2.1bn). For 2022-23, the 2021-22 allocation has been uplifted by £63m for the change in CPI between September 2020 and September 2021, with the existing distribution formula again unchanged. The £2.35bn Social Care Grant in 2022-23 consists of £636m new funding announced in the Spending Review 2021 and direct continuation of the 2021-22 £1.71bn Social Care Grant.

It is imperative that this level of funding for social care continues over the medium term to support the financial sustainability of social care services. Without this level of funding, services will be at breaking point. The Council has adopted innovative solutions to the delivery of adult social care services across the county which will realise significant savings over the medium-term. However, the advent of Covid-19 has resulted in delays to the programme. Even with the planned level of savings being achieved, there is still rising demand for services. A number of cost reduction initiatives are also underway in respect of children's social care services; however, these are being used to mitigate overspends and reduce the need for budget growth.
Local authorities have risen to the challenge of austerity since 2010, albeit supported in recent years by the Improved Better Care Fund and Social Care

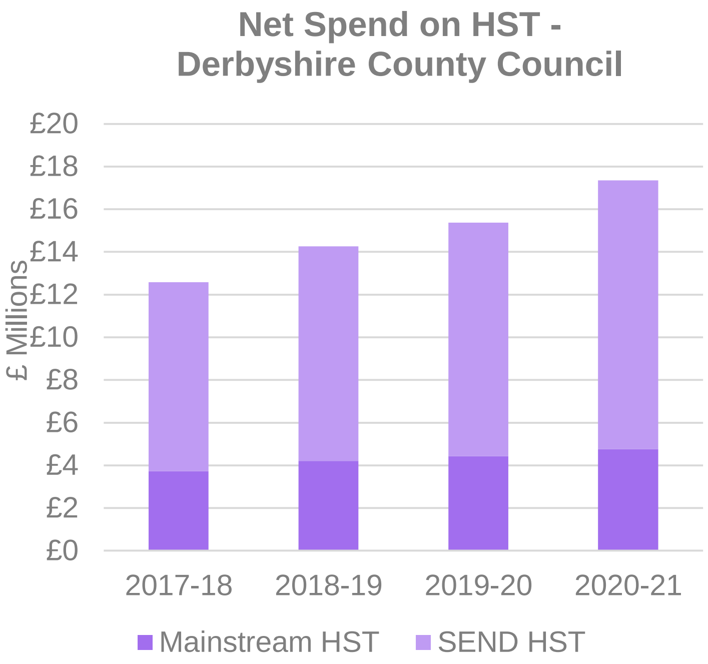
Grant, and the Council has stepped up to that challenge with its Enterprising Council approach. The Council continues to review the way it delivers its services, ensuring residents receive value for money in the services which are provided to them. To ensure an effective response to the recovery from Covid-19 requires significant investment in the local infrastructure to strengthen Derbyshire's local economy, coupled with continued and increased financial support to address rising demand for social care services.

The option of implementing the Adult Social Care Precept has provided local authorities with much needed additional Council Tax income to support the funding of associated services. The Council is committed to keeping low Council Tax increases and whilst the Council recognises that increases in Council Tax bills for many will be difficult, local authorities should continue to be afforded the option of implementing the Precept. However, variable amounts of income can be generated in different parts of the country, which should be addressed as part of the Government's Funding Review.

Schools and Learning

Whilst expenditure on school related activity would normally be expected to be met from within the allocated Dedicated Schools Grant (DSG), there are some school based pressures which could fall to the Council's General Reserve to fund. The Council's accumulated DSG deficit at 31 March 2022 is expected to be at least £5.5m and will need to be recovered from future DSG income. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2021 DSG announcement provided for an increase in High Needs funding of £11.638m (13.1%), however it is likely that further demand pressures may still result in spend exceeding income in 2022-23.

There are some statutory duties relating to education which are funded from the Council's revenue funding. These include home to school transport (HST). Transport cost increases and growing number of pupils eligible for Council-funded transport have led to significant increases in spend on HST, in particular HST provided for children with special educational needs and disabilities (SEND).



Net costs have risen by 38% in the last four years and this trend is expected to continue.

Public Health Grant

It is disappointing that there is no increase in the Public Health Grant, despite the pressures faced by the service since the outbreak of the Covid-19 pandemic. The Public Health Grant has been cut by 24% in real terms per capita since 2015-16. The lack of real terms increases in Public Health Grant funding, despite the incredibly challenging period seen in the last two years, is very disappointing. Extra specific funding helps to address some short-term pressures, but a clear plan is needed for the future which recognises the public health challenges faced.

It is also disappointing that the Public Health Grant allocations have not been published alongside the Provisional Settlement.

Pay

The Council would welcome Government support for local authorities in the 2022-23 Settlement, or if that is not possible, in future settlements, to address the serious issue of increasing pay award pressures in a period of rising inflation. Additional funding would assist the Council in its recruitment and retention of staff, which is becoming increasingly difficult at this key time for local authorities, when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.

Multi-Year Financial Settlement

The Council would welcome a multi-year financial settlement. A multi-year settlement provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Provisional Settlement provides provisional allocations for one year only. It is disappointing that the Provisional Settlement has failed to announce a multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. Meetings with Government representatives during Autumn 2021 indicated that next year would be the first year of a multi-year settlement. However, despite the signals, 2022-23 will be the fourth continuous single-year settlement.

Conclusion

Government should provide clarity on which local government funding reforms will happen and when. A renewed commitment and timeframe for the implementation of the Fair Funding Review is needed to ensure that historic resource equalisation flaws in the current funding methodology are addressed.

As well as looking at the formulae used to distribute funding, Government should also look at the data on which funding is based. The Council encourages Government to continue to work with local government to understand changing service demands and revenue-raising ability, to ensure overall local government funding is sufficient when any funding distribution changes are introduced. It should then revisit the priorities for reform of the local government finance system.

While funding reforms make it difficult for Government to set out a multi-year settlement for local government, this is the fourth single-year settlement in a row for councils, which continues to hamper financial planning and their financial sustainability. Only with adequate long-term resources, certainty and freedoms, can councils deliver world-class local services for our communities, tackle the climate emergency, and level up all parts of the country.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2022-23, including the rolling in of two New Burdens grants?

The Council agrees with the proposed methodology as this provides local authorities with the certainty required for 2022-23 in order to facilitate the setting of budgets within the prescribed timeframes.

However, the Council would request that the Government provides local government with the funding certainty required over the medium term at the earliest opportunity. Multi-year settlements are important in determining the long-term sustainability of the services provided by local authorities. Without a multi-year settlement, local authorities may have to make decisions which require reductions in spending and cessation of discretionary services. A multi-year settlement provides for meaningful decisions to be made to support financial sustainability.

Having a multi-year settlement is justified as recovery is now a vital phase in responding to the Covid-19 pandemic. Local authorities along with their partners will be the key drivers of local economic growth. Local authorities need to plan and shape their economic strategies, which is difficult when presented with a one-year settlement.

Question 2: Do you agree with the proposed package of council tax referendum principles for 2022-23?

The Council is pleased to see that the Government has again recognised the cost pressures associated with delivering adult social care services, by allowing local authorities with adult social care responsibilities to raise up to an additional 1% to support service pressures, in addition to the ability to add any unused parts of the additional 3% available in 2021-22, and by allocating £636 million of new funding for social care in 2022-23, to a total of £2.35 billion.

The Council welcomes the publication of the referendum principles alongside the Provisional Settlement. However, the Council has long argued that Council Tax increases should be at the discretion of local authorities, as they are best placed to understand and set their own levels of local taxation, whilst ensuring that the local taxpayer is not burdened with excessive increases. Therefore, the Council does not agree with the principles of Council Tax referendums.

Question 3: Do you agree with the Government’s proposals for the Social Care Grant in 2022-23?

The Council welcomes the Government’s decision to again provide additional funding for social care and to increase that funding. However, the Council would reiterate the point made above in that it fails to address the full cost pressures faced by local authorities and therefore it is imperative that the Fair Funding Review is given priority to address the cost pressures associated with the delivery of social care.

The Council supports the distribution of the Social Care Grant via the existing Adult Social Care Relative Needs Formula.

Question 4: Do you agree with the Government's proposals for iBCF in 2022-23?

The Council is pleased to see that the Improved Better Care Fund (iBCF) allocations will carry forward into 2022-23 and be uplifted by an inflationary amount equal to the Consumer Price Index (CPI) from September 2020 to September 2021. However, local authorities will be expecting confirmation of iBCF funding beyond 2022-23, as the decision to cease the funding will have significant consequences on local authority budgets which are already burdened by the rising demand for social care services.

Question 5: Do you agree with the Government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022-23?

Local authorities have been allocated £162m for adult social care reform, through a 'Market Sustainability and Fair Cost of Care Fund'. The Council welcomes Government's proposal to distribute this funding using the existing Adult Social Care Relative Needs Formula. However, the Council shares the concerns of many social care authorities and the LGA in that it strongly believes that the £3.6bn of funding allocated over three years, to implement the fair cost of care reform, the care cost cap and extension of the means test threshold, is insufficient. The LGA estimates that the provider market funding gap alone is £1.5bn, rising to £1.8bn per annum by 2023-24.

Furthermore, engaging and consulting with providers will take time, at a time when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.

Question 6: Do you agree with the Government's proposals for a one-off 2022-23 Services Grant distributed using 2013-14 shares of the Settlement Funding Assessment?

The Council welcomes the new one-off, un-ringfenced £822m 2022-23 Services Grant to support the delivery of all local authorities' services in 2022-23. This will provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government, and include funding for local government costs for the Social Care Reform increase in employer National Insurance Contributions, announced in September 2021.

The Council agrees with Government's proposals for distributing the funding through the existing formula for assessed relative need as this provides local authorities with the certainty required for 2022-23 in order to facilitate the setting of budgets within the prescribed timeframes and also with Government's intention to work closely with authorities on how to best use this money for 2023-24 onwards.

Question 7: Do you agree with the Government's proposals for New Homes Bonus in 2022-23?

The New Homes Bonus Scheme (NHB) was intended to encourage local authorities to grant planning permission for the building of new houses and then for them to then share in the additional revenue generated. Although the Government's aim was for authorities to utilise the funding to invest in local infrastructure to support further housing growth, it has yet to be demonstrated whether the NHB has had the Government's planned incentive effect and has resulted in significant behavioural change. The reality is that local authorities have, in general, used the funding to support the overall council budget, to mitigate funding reductions since 2010.

The allocations tend to favour councils with lower tier responsibilities. It could be argued that the operation and funding of the bonus removes funding from those with high needs and distributes that funding to lower tier service providers, which arguably have fewer pressures on their budgets. At a time when funding constraints remain in local government, the Council would like to see the Government consider whether this funding could be more appropriately directed to address well publicised pressures in adults' and children's services, including SEND provision in schools.

Although the Government's intention was for a reform of the system to be implemented for 2022-23, this has not happened. There has been a new £333m payment for local authorities. However, the payment methodology is the same as in 2021-22. As announced in 2020-21, no legacy payments will be made on new allocations from 2020-21 onwards; meaning that the 2020-21-2022-23 bonuses are not included in the calculation of payments in 2022-23. The final outstanding legacy payment will be made on the allocation from earlier years, as previously announced.

The Council welcomes the Government's ultimate intention and commitment to reforming the NHB and looks forward to reviewing the delayed consultation document on the future of the NHB, including options for reform. Councils need clarity on the future of the NHB to be able to plan their budgets beyond next year and into the medium-term. The Council considers that the funding allocated for the NHB, the £900m top-sliced from RSG at the inception of the NHB, should be allocated on the basis of need.

Question 8: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2022-23?

The Council welcomes the decision to provide funding of the additional costs of delivering services in rural areas, pending further consideration in the Fair Funding Review, in continued recognition that authorities in rural areas face costs not covered by the current funding arrangements.

However, the Council does not believe that the current distribution methodology treats all areas fairly. It is unfair to continue to exclude county councils where constituent districts receive this funding, as they face budgetary pressure resulting from their rurality, for instance in the service areas of social care and passenger transport, which are both upper tier responsibilities.

Question 9: Do you agree with the Government's proposal for the Lower Tier Services Grant, with a new minimum funding floor in 2022-23 so that no authority sees an annual reduction in Core Spending Power?

The Council does welcome the use for a further year of £111m originally re-allocated from the £900m NHB RSG top-slice to fund an un-ringfenced Lower Tier Services Grant for local authorities with lower tier services such as homelessness, planning, recycling and refuse collection, and leisure service in 2022-23. In 2021-22 the Government was clear that this funding was in response to the current exceptional circumstances due to the Covid-19 pandemic and was a one-off but the Council acknowledges that these exceptional circumstances are likely to remain into 2022-23. However, the Council considers that the £900m NHB top-sliced at the inception of the Scheme should be reallocated on the basis of ongoing need from 2023-24, following the consultation which was announced on its future.

Question 10: Do you have any comments on the impact of the proposals for the 2022-23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments.

The Council has long argued that there is disparity across the country in terms of a local authority's ability to raise Council Tax. Whilst the additional flexibility afforded to local authorities in some recent years has been welcomed, in respect of increasing the Council Tax referendum threshold for general increases, permitting all authorities responsible for Adult Social Care the ability to levy up to an additional specified increase through the Adult Social Care (ASC) Precept, and for 2022-23, allowing those authorities the ability to add any unused parts of the 3% ASC Precept available in 2021-22 to the 2022-23 ASC Precept, variable amounts of income can be generated in different parts of the country. The Council would expect this inequality to be addressed as part of the Fair Funding Review. A renewed commitment and timeframe for implementation of the Fair Funding Review is needed to ensure that the historic resource equalisation flaws in the current funding methodology are addressed.

Yours faithfully

P Handford.

Peter Handford
Executive Director, Corporate Services and Transformation (S151 Officer)

COUNCIL TAX

Final 2021-22 Collection Fund Deficit, Precept Amounts and Net Budget Requirement

In the Council Revenue Budget Report 2021-22, the Council Tax collection fund deficit for 2021-22 was estimated at £2.306m, although this figure was not final. Billing authorities have until 31 January to confirm in writing their final collection fund estimates; the latest provisional figures were included. There have been difficulties for billing authorities forecasting during the Covid-19 pandemic, and billing authorities required time to consider 2021-22 announcements of the Local Income Tax Guarantee Scheme for 2020-21 and the Local Council Tax Support scheme. This meant that final collection fund estimates were being received later than is usual. A verbal update was provided at the Council Meeting with the final figures below:

	2021-22	**2022-23**	**2023-24**
	£	**£**	**£**
Amber Valley	-143,363	-158,544	-158,544
Bolsover	-453,380	-232,448	-232,448
Chesterfield	-191,318	-162,556	-162,556
Derbyshire Dales	-397,997	-46,653	-46,653
Erewash	488,674	0	0
High Peak	-464,615	-160,626	-160,626
North East Derbyshire	6,208	-106,278	-106,278
South Derbyshire	880,948	-173,987	-173,987
	-274,843	**-1,041,092**	**-1,041,092**

	Amount Collected	**Collection Fund Surplus/ (Deficit)**	**Amount Actually Due**
	£	**£**	**£**
Amber Valley	54,829,666	-143,363	54,686,303
Bolsover	30,463,956	-453,380	30,010,576
Chesterfield	40,481,021	-191,318	40,289,703
Derbyshire Dales	41,459,141	-397,997	41,061,144
Erewash	46,625,779	488,674	47,114,453
High Peak	42,742,395	-464,615	42,277,780
North East Derbyshire	43,785,742	6,208	43,791,950
South Derbyshire	48,708,959	880,948	49,589,907
	349,096,659	**-274,843**	**348,821,816**

This finalisation of the Council Tax collection fund deficit changed the Council's Net Budget Requirement for 2021-22 as follows:

	Net Budget Requirement 2021-22 £
Revenue Budget Report 2021-22	**572,526,187**
Balance to be met from Council Tax	
Collection Fund Finalisation – Erewash (Reduction in surplus from £540,000 estimate to £488,674 final)	-51,326
Final	**572,474,861**

Taxbase

	Equivalent Band D Properties 2021-22	Equivalent Band D Properties 2022-23	Change %
Amber Valley	39,643.45	40,307.09	1.67%
Bolsover	22,026.33	22,443.26	1.89%
Chesterfield	29,268.96	29,858.12	2.01%
Derbyshire Dales	29,976.17	30,539.40	1.88%
Erewash	33,711.80	33,826.40	0.34%
High Peak	30,904.00	31,342.00	1.42%
North East Derbyshire	31,658.37	32,079.63	1.33%
South Derbyshire	35,218.00	36,702.00	4.21%
	252,407.08	**257,097.90**	**1.86%**

The taxbase positions above are provisional. Billing authorities have until 31 January 2022 to confirm in writing their final taxbase position.

Collection Fund

		2022-23		
	2021-22 £	2021-22 spread to 2022-23 £	2022-23 £	Total 2022-23 £
Amber Valley	-143,363	-158,544	927,653	769,109
Bolsover	-453,380	-232,448	356,855	124,407
Chesterfield	-191,318	-162,556	438,013	275,457
Derbyshire Dales	-397,997	-46,653	-56,431	-103,084
Erewash	488,674	0	-329,328	-329,328
High Peak	-464,615	-160,626	918,796	758,170
North East Derbyshire	6,208	-106,278	591,048	484,770
South Derbyshire	880,948	-173,987	1,631,159	1,457,172
	-274,843	**-1,041,092**	**4,477,765**	**3,436,673**

The total Council Tax collection fund surplus for 2022-23 is estimated at £3.437m, based on provisional information received to date from billing authorities, including £1.041m of deficit carried forward from 2021-22 budget setting. Billing authorities have until 31 January 2022 to confirm in writing their final collection fund estimates.

Council Tax Amounts

Band	**2021-22**	**2022-23**	**General Increase**	**ASC Increase**	**Total Increase**	**Number of Properties**
	£	**£**	**£**	**£**	**£**	
A	922.05	949.71	18.44	9.22	27.66	136,250
B	1,075.72	1107.99	21.51	10.76	32.27	84,350
C	1,229.40	1266.28	24.59	12.29	36.88	62,360
D	1,383.07	1424.56	27.66	13.83	41.49	41,900
E	1,690.42	1741.13	33.81	16.90	50.71	26,080
F	1,997.77	2057.70	39.95	19.98	59.93	12,760
G	2,305.12	2374.27	46.10	23.05	69.15	7,130
H	2,766.14	2849.12	55.32	27.66	82.98	560
						371,390

Precept Amounts

	Amount Collected	**Collection Fund Surplus/ (Deficit)**	**Amount Actually Due**
	£	**£**	**£**
Amber Valley	57,419,808	769,109	58,188,917
Bolsover	31,971,737	124,407	32,096,144
Chesterfield	42,534,639	275,457	42,810,096
Derbyshire Dales	43,505,162	-103,084	43,402,078
Erewash	48,187,686	-329,328	47,858,358
High Peak	44,648,512	758,170	45,406,682
North East Derbyshire	45,699,310	484,770	46,184,080
South Derbyshire	52,284,146	1,457,172	53,741,318
	366,251,000	**3,436,673**	**369,687,673**

The Precept amounts above are provisional. Billing authorities have until 31 January 2022 to confirm in writing their final taxbase and collection fund estimates.

SERVICE PRESSURES

Adult Social Care and Health – Total - £5,016,000 ongoing

Demographic Growth - £5,016,000 ongoing
Increases in 65+ population, the number of disabled adults accessing services, cases of early onset of dementia, the complexity of need and the complexity of clients transitioning from Children's Services means that there continues to be a demographic growth pressure in respect of Adult Care.

Children's Services – Total - £11,520,000 ongoing, £3,702,000 ongoing contingency, £3,541,000 one-off, £2,946,000 one-off contingency

Children in Care Placements - £6,096,000 ongoing, £1,222,000 ongoing contingency, £92,000 one-off, £2,000,000 one-off contingency
The number of children in care has increased and the trends in demand experienced within children's social care in recent years are expected to continue in 2022-23. The increase in the number and complexity of children being taken into care nationally and locally has meant that more children coming into care have had to be placed with external providers. A lack of sufficiency in the market nationally is further driving up costs of provision. A recent assessment identified that spend on placements in Derbyshire could exceed 2021-22 budget by £11.460m next year and the potential for this level of increase has been seen across other local authorities nationally. The Achieving Great Futures (AGF) programme workstreams are expected to work towards alleviating these cost pressures by an estimated £2.050m during 2022-23 through mitigating demand and capacity management. £1.222m will be held in ongoing contingency budgets and £2.000m will be held in one-off contingency budgets until the cost is known.

Support to Vulnerable Children and Young People - £1,585,000 ongoing
Funding to provide preventative and alternative care plans for children in need, including those with complex disabilities, which enable children to remain living at home therefore avoiding care admission. With increased numbers of children in care there are additional supplementary costs and placement support requirements for children in care to prevent breakdown.

Leaving Care Services - £629,000 ongoing

This reflects the additional cost of service provision. The duties in relation to care leavers have been extended with support offered up to the age of 25 as required (previously 21) which has resulted in an increase in care leaver numbers. There are also more care leavers as the number of children in care moving through to care leaving age has increased. In addition, Derbyshire has seen unexpected sudden increases in unaccompanied asylum-seeking children (UASC) arriving in Derbyshire through the various asylum resettlement schemes. This is set to continue when the national transfer scheme become mandatory across the country. Derbyshire's allocation of UASC under the scheme could see a rise of 70 admissions to the Council's care over time to reach a total of 0.07% of population (107 UASC – currently there are 33). UASC are rarely younger children and therefore the impact on the care leaver cohort is an ever-increasing number with immediate effect on admission.

Education Psychology Demand - £210,000 ongoing
In line with national trends across England, there has been a significant increase in the numbers of Education, Health and Care Needs Assessments (EHCNAs) agreed each year. Additional capacity is required within the Education Psychology Service to ensure that statutory requirements for EP advice within EHCNAs can be carried out.

Special Needs Home to School Transport - £3,000,000 ongoing, £1,962,000 ongoing contingency
The number of children with SEN support is increasing year on year, with significant increases in expenditure on children placed in out of county independent provision and Derbyshire special schools. In addition, there are price increases in the transport sector due to rising costs of fuel, driver salaries and compliance requirements. A sum of £1,962,000 will be held in ongoing contingency budgets until the cost is known.

Mainstream Home to School Transport - £518,000 ongoing contingency
To cover the increased costs in the sector of fuel, driver salaries and compliance requirements. This amount will be held in ongoing contingency budgets until the cost is known.

Legal Costs - £1,100,000 one-off
The number and the complexity of children in care proceedings is increasing,

compounded by delays in court processes for some children as a result of the pandemic and court delays. Children's Services' costs continue to increase, most notably in respect of solicitors' fees (incurred either where the Council is sharing/paying costs with another party, or where work cannot be delivered by the in-house legal services team), barristers' fees and the fees payable to the courts at each stage of children in care proceedings. A joint review by Children's Services and Legal Services has commenced to develop plans to mitigate rising costs in the future.

Temporary Alternative Children's Homes Accommodation During Refurbishment or Replacement - £946,000 one-off contingency
Revenue funding is needed to support essential capital works on some Council children's homes, with temporary closures to enable essential refurbishment at four children's homes and the rebuild of a short breaks home. The revenue funding will cover relocation and the costs of temporary accommodation for the children and staff. This amount will be held in one-off contingency budgets until the cost is known.

Social Workers - £400,000 one-off
To fully fund the frontline social work structure and the market supplement, without the need to hold a level of vacancies which would be counter-productive in meeting the statutory demands to help, protect and care for children in Derbyshire. The market supplement payment for social workers in frontline children's social work teams was introduced in July 2019 to support the Council's recruitment strategy. A review has commenced to consider a future resolution to the impact of pay on recruitment and retention of social workers.

Performance, Quality and Participation £291,000 one-off
Funding to support service pressures in complaints management and subject access requests (SARS).

Process Improvement - £193,000 one-off
To fund a dedicated team to review and improve processes within Children's Services. It is intended that efficiencies from improved processes will help contribute to reducing the department's overspend and will enable the team to be funded from the savings achieved.

Youth Action Grants - £125,000 one-off
To deliver the 2021 election manifesto commitment for a further Youth Action Grant Scheme to supported voluntary and community groups across Derbyshire.

Sports and Outdoor (SORE) - £980,000 one-off
Funding is to support the service during 2022-23 pending a review of the needs of the service moving forwards.

Elective Home Education - £360,000 one-off
Over the last year nationally and locally there has been a large increase in the number of Electively Home Educated (EHE) children. Funding to extend the EHE team to meet statutory functions to manage applications, determine whether there are any safeguarding risks and assess whether their education is suitable.

Corporate Services and Transformation – Total – £8,060,000 ongoing, £5,036,000 one-off

Legal Services – Child Protection – £730,000 ongoing
Children’s Services are currently spending £1m on external solicitors and £1m on counsel due to an increase in child protection cases. The benefits of this proposal will ultimately lead to savings for Children’s Services in the order of £300,000 each year. The proposal would permit the appointment of an additional thirteen staff to reduce spend on external legal services.

Legal Services – Education Legal Team – £174,000 ongoing
For additional support required for the Education Legal Team.

Organisation, Development and Policy - Business Change Team and Programme Management Team - £1,020,000 ongoing, £20,000 one-off
Funding to ensure the Council can more effectively deliver and implement One Council change and strategic transformation.

Organisation, Development and Policy - Channel Shift - £34,000 one-off
The Channel Shift Team is currently supported by temporary members of staff. In order to fully embed the system into the organisation, support the maximisation of benefit realisation, and make the most of the contracted purchase period of four years, it is anticipated that some dedicated staff resource will be required to deliver the programme past the initially anticipated point.

Organisation, Development and Policy - Domestic Abuse - £1,417,000 ongoing
The Domestic Abuse Act 2021 has introduced additional statutory duties in the provision of emergency accommodation for victims of domestic abuse and their families. To enable the development and delivery of a long-term comprehensive commissioning strategy, this pressure bid seeks to confirm the availability of funding on an ongoing basis and make the temporary post permanent. This bid puts the base budget in but will be offset by a general grant received in later years.

Organisation, Development and Policy - Community Safety- £254,000 ongoing
Funding requested is to support new activity required to meet statutory duties in respect of community safety, such as the imminent Serious Crime White Paper. Funding is for three posts and a project fund to support commissioned activity.

Organisation, Development and Policy - Vision Derbyshire annual contribution - £88,000 ongoing
Funding to support the Council's contribution to the Vision Derbyshire Programme resource.

Organisation, Development and Policy - Equalities - £92,000 ongoing
Funding to support the implementation of the Council's new Equality, Diversity and Inclusion Strategy.

Corporate Property – Disposal Programme - £399,000 one-off
To instruct external property agents and solicitors to dispose of property.

Corporate Property – Asset Optimisation Corporate Landlord Model - £276,000 one-off
To provide the resource for planning and implementing the Corporate Landlord model, which received Cabinet approval in January 2021.

Corporate Property – Modern Ways of Working (MWOW) - £182,000 one-off
Additional Corporate Property support to continue work post September 2021 to implement the MWOW programme.

Corporate Property – Restructure Funding - £397,000 ongoing
Increase in staffing is required to deliver the Corporate Property 2025 strategy. As part of the Corporate Property 2025 strategy a review of all corporate property assets is being carried out to ensure that they are fit for purpose and that a plan is in place for their management.

Corporate Property – Demolition Budget - £1,100,000 one-off
To replenish the Corporate Revenue Demolition Reserve to enable demolition work to continue at identified and agreed sites, following completion of asset and locality reviews, so that sites can either be redeveloped (for example, for new schools) or sold on the open market for an enhanced value.

Corporate Property – Asset Management - £121,000 ongoing
To fund additional posts in the Asset Management Team to support the new operating model proposed in the Cabinet report of 18 November 2021. These principal officers will act as the internal Intelligent Client on behalf of the Council, the Joint Venture Concertus Derbyshire Limited, and Corporate Property, ensuring that the service area client body requirements are being met and communicated effectively in the briefing process, and that any long term property management liabilities are considered in the development proposals.

Finance and ICT - Procurement Staff Restructure - £95,000 ongoing
Restructuring staff within procurement in response to audit requirements for improved contract and supply chain management across the Council. In addition, this bid will support the response to the new National Procurement Policy Statement (NPPS), and the significant changes expected in procurement regulations as outlined in the Procurement Green Paper.

Finance and ICT - Cloud Storage - £400,000 ongoing
To move the current ICT storage and compute infrastructure to the Cloud and commence a project to modernise and create new ICT workloads. The project will drive ICT transformation and provide the appropriate infrastructure capable of supporting the Council's digital agenda, and Modern Ways of Working programme.

Finance and ICT - Delivery Priorities - £200,000 ongoing
The ICT Strategy requires the ICT Budget to increase by £1m (£200,000 each year) over the five-year strategy period, to support the delivery of the priorities.

Finance and ICT - Software Asset Management Tool - £62,000 ongoing, £25,000 one-off
To purchase a Software Asset Management tool (SAM). A SAM tool enables Officers to accurately maintain compliance, determine numbers and monitor usage and can potentially save substantial amounts of money by ensuring the Council only licences and pays for the software it uses. SAM tools range in price, but typically cost in the region of £125,000 each year for an organisation of the Council’s size; this equates to approximately 2% to 3% of the total licence spend.

Finance and ICT – Centralised Procurement - £85,000 ongoing
Procurement is defined as a process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole procurement cycle from identification needs through to the end of a services contract or the end of the usual life of an asset. It involves an appraisal and the critical 'make or buy' decision which may result in the provision of services in-house. Currently the process covered by this bid is provided by commissioners in Children's Services. Funding is required for additional staff in the procurement team to fulfil these duties instead.

Finance and ICT – Revenue Financing Costs for Capital Bids - £2,925,000 ongoing
This reflects the financing costs associated with the additional borrowing that is required to support new starts in the capital programme.

Project Support – External Advisors - £3,000,000 one-off
Technical and professional support for waste matters.

Place – Total - £2,472,000 ongoing, £4,303,000 one-off

Climate Change - £463,000 ongoing
The Council needs to take action to reduce emissions to net zero from its own estate and operations by 2032 or sooner, and from across the county by 2050 (in line with Government targets) and published its Climate Change Manifesto in May 2019. The Council also needs to build resilience across its own services and across the county to adapt to a changing climate and deliver identified priorities.

Waterbodies Officer - £38,000 ongoing
A new post to manage waterbody assets (reservoirs and canals) on behalf of the Countryside Service was approved in 2019. The creation of the post is intrinsically linked to £1 million capital funding allocated to management of waterbody structures to ensure compliance with statutory responsibilities and legislation. No funding for the officer post was given in 2019 and the Countryside Service no longer has available resources to cover this salary. Until this post is recruited and fully funded the risks to the Council cannot start to be mitigated.

Million Trees Project - £113,000 ongoing
The Council has committed to plant up to one million trees in Derbyshire by 2030. The Million Trees Project (MTP) is a ten-year draft plan to realise delivery of this target through community involvement and activity, planning approvals and Council schemes on its own land and on the highway network. A project officer is also needed to coordinate and report on progress.

Ash Die Back - £270,000 ongoing
Ash Die Back will lead to the decline and death of the majority of ash trees in Britain. The Countryside Service is to lead a strategic corporate-level response with relevant departments, developing a corporate Ash Die Back Action Plan, initiating a programme of inspection to quantify the scale of the problem on the Council's estate including the surveying, felling and re-planting of trees on Council land.

Drainage - £1,313,000 ongoing, £1,313,000 one-off
Highways authorities are having to deal with the consequences of the increasing impact of climate change, and as a result are experiencing a greater frequency of severe weather events, particularly flooding, which cause major disruption and damage to properties and the highway network. Improvements, maintenance and investigation is needed to assess and enhance the Council's drainage infrastructure and assets. Resources are required to make the service more proactive.

Regeneration Service Development - £275,000 ongoing, £140,000 one-off
Additional resources are needed to add to the core establishment as the service continues to grow. The department is responsible for administering a number of specialist grants, and a 'Grants Team' and a 'Bidding Team' are needed to ensure effectiveness so the Council and its residents are benefitting from all grants available. It is proposed that staff costs for this part of the service will be recoverable, probably after a period of two years to allow time for the development processes to establish. Therefore, a one-off amount is needed in 2022-23, in addition to the ongoing amount referenced above, to further fund the service delivery initially.

Major Schemes - £2,850,000 one-off
There is a need to 'kick start' capital projects that can bring forward good growth for Derbyshire: providing housing, jobs and skills. Where these projects involve bids for external grant funding they will always require significant up-front investment before the grant is confirmed. This investment will cover costs such as economic and transport modelling, preliminary design and cost-estimating, planning consent, land assembly (in order to demonstrate deliverability for funders) and business case assembly.

BUDGET SAVINGS PROPOSALS 2022-23

Adult Social Care and Health – Total - £10,137,000
(2022-23 - £5,880,000, Approved Shortfall Brought Forward from 2021-22 £4,257,000)

Continuation from Previous Years Schemes:
Better Lives – Working Age Adults - £1,942,000
This is part of the Council's four-year Better Lives programme that will build on best practice and innovate new ways of working to ensure that the Council's services support and promote greater independence for adults living with a disability across the whole county.

Continuation from Previous Years Schemes:
Better Lives - Older People's Pathway - £7,150,000
This is part of a four-year Better Lives transformation programme that will build on best practice and innovate new ways of working to ensure that the Council's services support and promote greater independence for older people in Derbyshire. This will include ensuring consistency and equity of access to the Council's short-term services and promote independence through the implementation of consistent strength-based and outcome-focussed assessments and reviews.

Continuation from Previous Years Schemes:
Reduce Agency Spend - £400,000
To realign the direct care workforce to deliver the Better Lives programme in order to reduce agency usage within homes for older people and extra care. It would also require corporately recommissioning the Council's agency staffing contract to create more favourable terms for the local authority.

Continuation from Previous Years Schemes:
Preparation and Planning for Disabled Children - £190,000
This is part of the four-year Better Lives transformation programme and will focus on improving the interaction between Children's and Adult Services to achieve improved outcomes and greater independence for young people transitioning into adulthood.

Review of Contracting and Commissioning Staffing - £100,000
Undertake a review of current arrangements to ensure key priorities are delivered based on best practice, value for money (VFM) and comparators with neighbouring authorities. The work to achieve this saving has been completed during 2021-22 and as a result the full year's saving target will be met in 2022-23.

Review of Business Services - £155,000

Undertake a review of current arrangements to ensure key priorities are delivered based on best practice, VFM and comparators with neighbouring authorities. The work to achieve this saving has been completed during 2021-22 and as a result the full year's saving target will be met in 2022-23.

Review of Other Housing Related Support Schemes - £200,000
Being reviewed as part of the Practical Housing Support Project to ensure VFM and effectiveness to meet adult social care (ASC) priorities.

Children's Services – Total - £46,000

Continuation from Previous Year Schemes:
Continuation of already announced actions in respect of back office costs – £46,000
This saving will be achieved by reducing general business support and specialised back office functions, including staffing, in line with reductions in frontline services and better use of technology.

No other budget savings proposals in this, or later years, have been put forward by Children's Services because of growing budget pressures within the department. A number of cost reduction initiatives are underway; however, these are being used to mitigate overspends and reduce the need for budget growth.

Place – Total - £756,000

Waste – £100,000
The Council will work with partners, including district and borough councils, to reduce the cost of disposing of the county's waste.

Future Highways Model – £500,000
A major improvement plan for the highways service will result in more efficient ways of working, productivity improvements and generation of income from assets.

Libraries – £156,000
(Continuation from previous years under Commissioning, Communities and Policy, now Corporate Services and Transformation)
The multi-year programme to transfer some libraries to community management, and the review of staffing levels and opening hours, will continue.

Corporate Services and Transformation - Total - £444,000

Insurance Fund - £444,000
The Council will reduce the amount held in the insurance fund.

BUDGET SAVINGS PROPOSALS 2023-24

Adult Social Care and Health – Total - £9,289,000

Continuation from Previous Years Schemes:
Better Lives – Working Age Adults - £1,881,000
Better Lives - Older People's Pathway - £4,103,000
Review of Housing Related Support - £400,000
Preparation and Planning for Disabled Children - £330,000

Review of Legacy Community Alarm Provision - £300,000
To be reviewed as part of the Assistive Technology programme. The current spend on Community Alarms provision is £600,000 a year.

Direct Care - £1,673,000
This programme will determine which services the Council needs to retain, create a broader effective reablement, recovery and progression offer and ensure value for money.

Better Lives – Short Term Services: Optimising the Service - £602,000
This is an extension of the four-year Better Lives transformation programme and will focus on ensuring further consistency and equity of access to the Council's reablement short-term services, thereby supporting more older people and disabled people to achieve more independent outcomes.

Place – Total - £1,200,000

Continuation from Previous Years Schemes:
Waste – £580,000
Future Highways Model – £500,000

Elvaston Castle and Country Park – £120,000
The cost of running Elvaston Castle and Country Park will reduce by investing in projects identified in the Master Plan to help the estate to generate sufficient income to cover its costs.

Corporate Services and Transformation - Total - £625,000

SAP - £500,000
The Council will continue to refine and develop its use of the SAP system to achieve a range of savings across the Council. Particularly in relation to transactional processes, procurement and support costs.

Interest receipts – £125,000
The Council manages its cash balances by investing in a range of products to receive the optimum investment income. The Council will continue to work with its Treasury Management advisers to look at options to increase its interest receipts. Investing in longer-term pooled funds, for example, will help to generate higher returns. There has been a recent rise in the base rate of interest, with further rises anticipated in 2022, which will contribute to enhanced returns.

BUDGET SAVINGS PROPOSALS 2024-25

Adult Social Care and Health – Total - £1,435,000

Continuation from Previous Years Schemes:
Better Lives – Working Age Adults - £440,000
Better Lives - Older People's Pathway - £132,000
Preparation and Planning for Disabled Children - £260,000
Better Lives - Short Term Services: Optimising the Service - £603,000

Place – Total - £2,870,000

Continuation from Previous Years Schemes:
Elvaston Castle and Country Park – £120,000
Waste - £1,750,000
Future Highways Model – £1,000,000

Corporate Services and Transformation - Total - £1,652,000

Continuation from Previous Years Schemes:
Interest receipts – £125,000
SAP - £50,000

Property Services – £1,477,000

The Council will continue to reduce running costs by rationalising its land and property and releasing the resulting surplus assets. It will also generate fees from capital schemes.

BUDGET SAVINGS PROPOSALS 2025-26

Adult Social Care and Health – Total - £763,000

Continuation from Previous Years Schemes:
Preparation and Planning for Disabled Children - £160,000
Better Lives - Short Term Services: Optimising the Service - £603,000

Place – Total - £120,000

Continuation from Previous Years Schemes:
Elvaston Castle and Country Park – £120,000

Corporate Services and Transformation - Total - £1,000,000

Continuation from Previous Years Schemes:
SAP - £50,000
Property Services – £950,000

BUDGET SAVINGS PROPOSALS 2026-27

Adult Social Care and Health – Total - £100,000

Continuation from Previous Years Schemes:
Preparation and Planning for Disabled Children - £100,000

Place – Total - £120,000

Continuation from Previous Years Schemes:
Elvaston Castle and Country Park – £120,000

FIVE YEAR FINANCIAL PLAN for 2022-23 to 2026-27					
	2022-23	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£m
FUNDING					
Business Rates and Government Grants					
Business Rates	15.875	18.069	21.264	21.462	21.662
Top-Up	94.892	98.688	101.648	103.681	105.755
Revenue Support Grant	14.231	14.231	14.231	14.231	14.231
Improved Better Care Fund	35.713	35.713	35.713	35.713	35.713
New Homes Bonus	1.868	1.868	1.868	1.868	1.868
General Grant	54.683	54.683	54.683	54.683	54.683
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	**227.766**	**233.755**	**239.912**	**242.142**	**244.415**
Council Tax	369.688	382.181	395.566	409.424	423.770
Use of Other Balances BM/Gen Reserve	21.003	0.000	0.000	1.500	0.000
TOTAL FUNDING	**618.457**	**615.936**	**635.478**	**653.066**	**668.186**
EXPENDITURE:					
Base Budget	556.340	601.250	615.936	635.478	651.566
Price Inflation	0.046	0.046	0.046	0.046	0.046
Pay Award (including Living Wage)	9.102	6.651	6.934	7.856	8.414
Contingency for Price Increases	16.339	12.959	13.700	14.483	15.310
Debt Charges	0.000	0.000	0.000	0.000	0.000
Interest Receipts	0.000	-2.182	0.000	0.000	0.000
MRP adjustment	7.000	0.000	0.000	0.000	0.000
Ongoing Service Pressures (see below)	30.770	6.470	10.376	11.755	13.003
Budget Savings Identified	**-8.057**	**-11.114**	**-5.957**	**-1.883**	**-0.220**
Risk Management Budget	-10.290	1.856	-1.856	0.000	0.000
	601.250	**615.936**	**639.179**	**667.735**	**688.119**
One-off Expenditure:					
One-off Revenue Support	12.880	0.000	0.000	0.000	0.000
Contingency for One-off Revenue Bids	4.327	0.000	0.000	0.000	0.000
Elections	0.000	0.000	0.000	1.500	0.000
	17.207	**0.000**	**0.000**	**1.500**	**0.000**
Further Budget Savings Required	**0.000**	**0.000**	**-3.702**	**-16.169**	**-19.933**
TOTAL EXPENDITURE	**618.457**	**615.936**	**635.478**	**653.066**	**668.186**
Ongoing Base Budget	**601.250**	**615.936**	**635.478**	**651.566**	**668.186**

Appendix Seven

Assumptions	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2025-26**
Price Inflation	5.10%	4.00%	3.00%	2.00%	2.00%
Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	1.00%	1.00%	1.00%	1.00%	1.00%
BR Taxbase (£m)	19.375	19.569	19.764	19.962	20.162
BR Collection Fund Position (£m)	-3.500	-1.500	1.500	1.500	1.500
Top Up RPI	0.00%	4.00%	3.00%	2.00%	2.00%
Council Tax Increase	3.00%	2.00%	2.00%	2.00%	2.00%
CT Taxbase Change	1.86%	1.50%	1.50%	1.50%	1.50%
CT Taxbase	257,098	260,954	264,869	268,842	272,874
CT Collection Fund Position (£m)	3.437	3.000	3.000	3.000	3.000
Council Tax (£/Band D)	1,424.56	1,453.05	1,482.12	1,511.76	1,541.99
Ongoing Service Pressures					
Adult Care Demographic Growth	5.016	5.278	5.426	5.335	5.823
Children In Care Placements	6.096	0.000	4.755	6.220	6.977
Children In Care Placements Contingency	1.222	0.192	0.195	0.200	0.203
Support Vulnerable Children/Young People	1.585	0.000	0.000	0.000	0.000
Leaving Care Services	0.629	0.000	0.000	0.000	0.000
Education Psychology Demand	0.210	0.000	0.000	0.000	0.000
Special Needs Home to School Transport	3.000	0.000	0.000	0.000	0.000
Special Needs HST Contingency	1.962	0.000	0.000	0.000	0.000
Mainstream HST Contingency	0.518	0.000	0.000	0.000	0.000
Pension Fund	0.000	1.000	0.000	0.000	0.000
Child Protection	0.730	0.000	0.000	0.000	0.000
Education Legal Team	0.174	0.000	0.000	0.000	0.000
PMO/Business Change Team	1.020	0.000	0.000	0.000	0.000
Domestic Abuse	1.417	0.000	0.000	0.000	0.000
Community Safety	0.254	0.000	0.000	0.000	0.000
Vision Derbyshire Annual Contribution	0.088	0.000	0.000	0.000	0.000
Equalities	0.092	0.000	0.000	0.000	0.000
Restructure Funding	0.397	0.000	0.000	0.000	0.000
Asset Management	0.121	0.000	0.000	0.000	0.000
Debt Charges Capital Programme	2.925	0.000	0.000	0.000	0.000
ICT Delivery Priorities	0.200	0.000	0.000	0.000	0.000
Procurement Staff Restructure	0.095	0.000	0.000	0.000	0.000
Software Asset Management Tool	0.062	0.000	0.000	0.000	0.000
Centralised Procurement	0.085	0.000	0.000	0.000	0.000
Cloud Storage	0.400	0.000	0.000	0.000	0.000
Climate Change	0.463	0.000	0.000	0.000	0.000
Waterbodies Officer	0.038	0.000	0.000	0.000	0.000
Million Trees Project	0.113	0.000	0.000	0.000	0.000
Ash Die Back	0.270	0.000	0.000	0.000	0.000
Drainage	1.313	0.000	0.000	0.000	0.000
Regeneration Service Development	0.275	0.000	0.000	0.000	0.000
	30.770	**6.470**	**10.376**	**11.755**	**13.003**

One-Off Pressures					
Pension Fund Contingency	1.381	0.000	0.000	0.000	0.000
Children in Care Placements	0.092	0.000	0.000	0.000	0.000
Children In Care Placements Contingency	2.000	0.000	0.000	0.000	0.000
Temporary Children's Homes Contingency	0.946	0.000	0.000	0.000	0.000
Social Workers	0.400	0.000	0.000	0.000	0.000
Performance, Quality and Participation	0.291	0.000	0.000	0.000	0.000
Youth Action Grants	0.125	0.000	0.000	0.000	0.000
Elective Home Education	0.360	0.000	0.000	0.000	0.000
Sports and Outdoor (SORE)	0.980	0.000	0.000	0.000	0.000
Process Improvement	0.193	0.000	0.000	0.000	0.000
Children's Services Legal Costs	1.100	0.000	0.000	0.000	0.000
PMO/Business Change Team	0.020	0.000	0.000	0.000	0.000
Channel Shift	0.034	0.000	0.000	0.000	0.000
Property Disposal Programme	0.399	0.000	0.000	0.000	0.000
Asset Optimisation/Corporate Landlord	0.276	0.000	0.000	0.000	0.000
Modern Ways of Working	0.182	0.000	0.000	0.000	0.000
Demolition Budget	1.100	0.000	0.000	0.000	0.000
Software Asset Management Tool	0.025	0.000	0.000	0.000	0.000
Project Support - External Advisors	3.000	0.000	0.000	0.000	0.000
Major Schemes	2.850	0.000	0.000	0.000	0.000
Drainage	1.313	0.000	0.000	0.000	0.000
Regeneration Service Development	0.140	0.000	0.000	0.000	0.000
	17.207	**0.000**	**0.000**	**0.000**	**0.000**

Derbyshire County Council

Equality Impact Analysis Record Form

Derbyshire County Council Revenue Budget 2022-23

Department	ALL
Service Area	ALL
Title of policy/ practice/ service of function	**REVENUE BUDGET FOR 2022-23**
Chair of Analysis Team	Paul Stone, Assistant Director of Finance (Financial Management)

Stage 1. Prioritising what is being analysed

a. Why has the policy, practice, service, or function been chosen?
b. What if any proposals have been made to alter the policy, service or function?

To ensure that when the Council's annual revenue budget is set each year that an assessment is being made of the likely impacts on local people, including those with a protected characteristic under the Equality Act 2010. As the budget sets the overall spending and income raising levels for the Council, it also determines to some degree the areas of service where budget reductions will be targeted, and as such needs to be included within the Council's processes for meeting the public sector equality duty. The analysis of the main budget will be supported by individual service specific Equality Impact Analyses, to ensure that all possible likely impacts are identified, and where possible steps taken to mitigate them. In the event that adverse impact identified is very serious and cannot be mitigated then members would have to consider whether to proceed with the proposed budget reductions.

c. What is the purpose of the policy, practice, service or function?

Each year the Council must agree a revenue budget for the next financial year, which reflects the Council's Five Year Financial Plan and which seeks to ensure a balanced budget, taking into account funding from external sources, including Government, and locally raised sources of income. Specifically, the budget sets the high-level controls over where the Council will spend money on delivering local services, and thus helps determine the services that will become available to the people of Derbyshire in the following financial year. Since 2008 the Council's budget has been reduced by Central Government. This means that each year there are fewer resources to fund local services, and the Council must find efficiencies which may result in changes or reductions in service provision to remain with its budget envelope. The budget will also set whether or not locally raised income is increased each year, such as through rises in Council Tax and other major charges, impacting on local people, whether or not they use different Council services. It does not exercise control over the levels of Business Rates which are raised, although the Council receives a proportion of these. The budget reduction proposals within the Five-Year Plan for 2022-23 are significant and reliant on the Council's ability to achieve this level of savings whilst responding to and recovering from the Covid-19 pandemic. All proposals need to be considered in context with the size and nature of the service, and ideally, with reference to earlier or future proposals.

Stage 2. The team carrying out the analysis

Name	***Area of expertise/ role***
(Paul Stone (Chair)	Assistant Director of Finance (Financial Management)
Mary Fairman	Assistant Director, Legal Services
John Cowings	Senior Policy Officer, Equalities
Dave Massingham	Director of Property, CST
Angela Beighton	Assistant Director CS
Isobel Fleming	Service Director Comms and Transformation CS
Sarah Eaton	Assistant Director Strategy and Policy CST
Linda Elba-Porter	Service Director ASCH
Dave Massey	Performance and Engagement Officer Place
Mandy Cann	Senior Communications Officer CST

Stage 3. The scope of the analysis – what it covers

This analysis will examine:

1. The proposed Revenue Budget for Derbyshire County Council for 2022-23
2. Whether the setting of the budget is likely to affect particular groups of service user, residents and staff, and whether these are likely to have protected characteristics and experience other inequality, in line with the requirements of the Equality Act 2010.
3. The issues and feedback provided by the public from consultation carried out in relation to a proposed budget or budget priorities.
4. It will seek to highlight any concerns over the possible impacts for groups of people and communities in Derbyshire, where these are likely to be negative, adverse or could be deemed to be unfair or discriminatory.

Budget Proposals

The Council's Five-Year Financial Plan (FYFP) has identified that the Council will need to make efficiencies of approximately £8 million in 2022-23, with expenditure at £618.457m for the financial year, which includes £46.596 of additional budget proposals. Over the period of the FYFP, efficiencies of approximately £67m are required in order to balance the budget. This considers departmental services pressures over the medium term including pay awards, changes to statutory requirements and demographic growth.

The Budget proposals below request additional expenditure for 2022-23 in the following areas:

Adult Social Care & Health

- Demographic Growth - £5.016m

Total for Adult Social Care & Health = £5.016m

Children's Services

- Children in Care Placements - £9.410m
- Support to Vulnerable Children and Young Adults - £1.585m
- Leaving Care Services - £0.629m
- Education Psychology Demand - £0.210m
- Special Needs Home to School Transport - £4.962m
- Mainstream Home to School Transport - £0.518m
- Legal Costs - £1.100m
- Temporary Alternative Childrens Homes Accommodation during Refurbishment - £0.946m
- Social Workers - £0.400m

- Performance Quality and Participation - £0.291m
- Youth Action Grant - £0.125m
- Process Improvement - £0.193m
- Sports and Outdoor - £0.980m
- Elective Home Education - £0.360m

Total for Children's Services = £21.709m

Corporate Services and Transformation (CST)

- Legal Services Child protection – £0.730m
- Legal Services Educational Legal Team - £0.174m
- Organisation Development and Policy Business Change Team - £1.040m
- Organisation Development and Policy Channel Shift - £0.034m
- Organisation Development and Policy Domestic Abuse - £1.417m
- Organisational Development and Policy Community Safety – £0.254m
- Organisation Development and Policy Vision Derbyshire - £0.088m
- Organisational Development and policy Equalities - £0.092m
- Corporate Property Disposal Programme - £0.399m
- Corporate Property Asset Optimisation Corporate Landlord Model - £0.276m
- Corporate Property Modern Ways of Working - £0.182m
- Corporate Property Restructure Funding - £0.397m
- Corporate Property Demolition Budget - £1.100m
- Corporate Property Asset Management - £0.121m
- Finance and ICT Procurement Staff restructure - £0.095m
- Finance and ICT Cloud Storage - £0.400m
- Finance and ICT Delivery Priorities - £0.200m
- Finance and ICT Software Asset Management Tool - £0.087m
- Finance and Centralised procurement - £0.085m
- Finance and ICT Revenue Finance Costs for Capital Bids - £2.925m
- Project Support External Advisors - £3.000m

Total for CST = £13.096m

Place

- Climate Change - £0.463m
- Waterbodies officer - £0.038m
- Million Trees project - £0.113m
- Ash Die Back - £0.270m
- Drainage - £2.626m
- Regeneration Service development - £0.415m
- Major schemes - £2.850m

Total for Place = £6.775m`

Totals for DCC in 2022-23 = £46.596m

The Council has set out its key priorities for Equality, Diversity & Inclusion and its strategic approach focusses on key pillars of activity which will support the achievement of ambitions to drive forward its Strategic approach to Equality, Diversity & Inclusion.

There are a number of budget proposals that will directly contribute to supporting some of the Councils priorities set out in its Equality, Diversity and Inclusion strategy as detailed below:

A Diverse & Confident Workforce:
A number of the budget proposal above will create jobs at a range of different levels throughout the authority, therefore, by creating additional employment opportunities with the County and surrounding areas this should help to improve the diversity of our workforce which will be representative of the community that it services. In addition to the creation of a number of jobs, the following proposals will also support this priority:

- Corporate Property Modern Ways of Working - £0.182m. One aspect of the Modern Ways of Working policy is agile working which can help to improve workplace equality and create inclusive cultures by flexible working. It can help parents to return to work, reduce the gender pay gap, help people with fluctuating health conditions stay in work and help carers to balance their work and caring responsibilities.
- Finance and ICT Cloud Storage - £0.400m driving transformation and providing the infrastructure needed to support Modern Ways of Working which supports this priority as detailed above.

Employment Skills and Business Support
Increasing the number and range of employment and skills opportunities to support businesses and improve qualifications across diverse communities to enable a thriving economy that all communities can access. The budget proposals support this priority in the following ways:

- Place - Waterways Officer - £0.038m A new job would be created within the Council.
- Place – Regeneration Service Development - £0.415m and Major Schemes £21.850m creating jobs to ensure the Council and its residents are benefitting from all available grants, also kick-starting capital schemes that can bring forward growth for Derbyshire, providing housing, jobs, and skills.
- Corporate Services and Transformation – Child protection £0.730m, Education Legal Team - £0.174m, Channel Shift - £0.034m, Business Change Team - £1.040m, Domestic Abuse - £1.417m, Community Safety - £0.254m, Restructure Funding - £0.397m, Procurement Restructure - £0.095m and Centralised procurement - £0.085m, these bids will involve jobs being created within the Council which in turn increases the employments opportunities within the County.
- Childrens Services Leaving Care services - £0.629m extension of support offered to care leavers which includes support on training and education, health and financial management which can help to increase employment opportunities.

Engaged Communities able to Influence decisions
Engaging with different and diverse communities to increase the age and range of people from different backgrounds participating in public life resulting in a thriving local economy all communities can access. The following budget proposals help to support this priority as follows:

- Childrens Services Participation - £0.291m to support the service to respond to an increase in statutory complaints and maintain progress in reducing the backlog of outstanding subject access requests.
- Childrens Services Youth Action Grants - £0.125m to support the Manifesto Commitment to deliver Youth Action Grants to voluntary and community groups across Derbyshire.

Healthy and Supported People
Addressing and reduce inequalities in health and the provision of social care and other support to ensure people in Derbyshire are healthy and feel they have the support they need. The budget proposals will help to support this priority in the following ways:

- Adult Social Care & Health - £5.016m to support the increase in the 65+ population, the number of disabled adults accessing services, the increases in cases of early onset of dementia and complexity of needs of cases transitioning from Childrens Services.
- Place - Climate Change - £0.463m, Million Trees project - £0.113m, Ash die back - £0.270m. Air pollution has a significant impact on people who suffer from lung health issues and long-term breathing conditions. There is evidence that people living in deprived areas are twice as likely to die from lung disease than people who live in more affluent areas, with factors like smoking and lower health among the worse off. In addition, the Covid-19 Pandemic has pushed lung health to its limits and has highlighted the devastating impact that repository conditions can have on people's lives, making the vulnerable even more vulnerable. The budget proposals above are all aimed at improving air quality which could help to improve the health of people living with breathing conditions.
- Childrens Services Children in Care Placements - £9.410m to ensure sufficient funding is in place to meet the increase in demand for children needing to go into social care and to ensure the diverse complexity of needs is addressed and met.
- Childrens Services Support to Vulnerable Children and Young People - £1.585m aimed at preventative and alternative care plans for children in need, including those with complex disabilities, enabling children to remain living at home and avoiding care admissions.
- Childrens Services Leaving Care services - £0.629m extension of support offered to care leavers which includes support on training and education, health, and financial management, ensuring they have the support and skills they need to take them forward into their adulthood.
- Childrens Services Education Psychology Demand - £0.210m – ensuring there is sufficient funding for the application of psychology support to children, young people, families, and schools to promote the emotional and social wellbeing of young people.

- Childrens Services Special Needs Home to School Transport - £4.962m to meet the increase costs and demand of children with special educational needs ensuring they have transportation to school. Mainstream Home to School Transport - £0.518m ensuring all children have funding to travel to school if they live outside the statutory walking distance or are from low-income families.
- Childrens Services Legal Costs - £1.100m to meet the increase in cost, demand and complexity of children care proceedings supporting the safety and care of children and young adults.
- Childrens services Sports and Outdoor Education - £0.980m to continue the sports and outdoor education service in 2022-23.
- Childrens Services Elective Home Education - £0.360 to ensure children who are educated at home are safeguarded and their education is suitable.

Safe and Inclusive Places for Everyone
Working with partners and communities to respond to discrimination-based hate and abuse ensuring communities are inclusive places where everyone contribution is recognised and celebrated will be achieved by ensuring people feel their communities are safe and inclusive for everyone. The following bids will help to support this priority:

- Corporate Services and Transformation Domestic Abuse - £1.417m to provide emergency accommodation to victims of domestic abuse and their families and development of a long-term commissioning strategy to support victims and tackle the issue.
- Corporate Services and Transformation Community Safety - £0.254m to expand the community safety activity enabling the Council to meet new statutory duties introduced from the Serious Crime Whitepaper.
- The proposed budget for OD and Policy will also ensure that there are sufficient resources to further develop and help deliver the ambitions within the Strategy, including further work to develop engagement with diverse communities, improvements to practice, governance and a greater level of expertise is available to support departments.

Stage 4. Data and consultation feedback

a. Sources of data and consultation used

Source	***Reason for using***
Council Budget Report – February 2022	Annual budget which sets spending and income raising levels for the future financial year
Derbyshire County Council Five Year Financial Plan	Strategic document setting the priorities for the Council in relation to its budget and resources

Source	***Reason for using***
Derbyshire County Council Budget Consultation for 2022-23 (conducted in November/ December 2021)	Responses received from the public, residents, service users and staff in relation to the budget priorities and the level of income to be raised through Council Tax for the year being analysed.
Derbyshire performance indicator set	Provide context information in relation to levels and quality of services
Workforce data	Provide context information in relation to staffing levels and pay
Previous Revenue Budget reports and completed EIAs reported to Cabinet	Provide cumulative related information – including whether previous savings made in service area/ department
Equality & Human Rights Commission Guidance – various	Clarifies duties and provides good practice advice in relation to PSED and making decisions
Derbyshire Observatory	Demographic, economic and other data

Stage 5. Analysing the impact or effects

a. What does the data tell you?

Protected Characteristic	***Findings***
Age	The nature of our functions and areas of responsibility as a County Council mean we provide a number of services to older people, younger people and families. Those services which are intended to provide care and support are provided primarily by two departments– Adult Social Care and Health, and Childrens Services. These departments have the largest total budgets. The other Departments also provide some services which the public use but which, if altered, can specifically lead to implications for people of different ages, such as public transport, libraries and consumer protection. The proposals for 2022-23 include important proposed changes that will impact upon people on grounds of their age. <u>Older people</u> The budget proposed for 2022-23 includes a number of possible savings that could further affect older people, carers and families, including: • Better Lives – Working age adults £1.942m • Better Lives - Older Adult’s pathway £7.150m • Reduce Agency Spend - £0.400m

	• Review of contract and commissioning staff - £0.100m • Review of Business Services - £0.155m • Review of Housing Related Support Schemes - £0.200m • Libraries - £0.156m For older people the most obvious proposals which could result in an adverse impact could come from the Older Adult's pathway and the re-organisation of Library services. An EIA was undertaken in relation to the pathway redesign which was completed in July 2019. In relation to the proposed changes to direct care home provision, it is recognised that these proposals potentially affect older and disabled people in particular. These proposed changes have been examined in a full EIA. The remaining services which are listed could also result in reduced service, access the service or support for older people being curtailed, and reduce the quality of life for older people in Derbyshire. <u>Children and families</u> The budget for 2022-23 will include a number of significant savings proposals which could affect children, young people, carers and families including: • Preparation and planning for disabled children - £0.190m • Future Highways Model - £0.500m • Waste - £0.100m • Libraries - £0.156m • Review of Housing Relates Support Schemes - £0.200m The impact of these proposals could affect a range of different families, depending upon the age, disability status and needs of the children, and whether the Council is involved in caring for or safeguarding children. A number of these services have already made significant savings and been re-organised, so there could also be an important cumulative adverse impact on some families. The planned changes to the Libraries service will also impact on families and children, potentially reducing opportunities to use the libraries and to access materials for children of different ages.

	<u>Potential for impact on older workers within the Council</u> A number of proposals may include restructuring of staffing teams, although details are not available at this level of the budget. The Council has an older workforce, with an average age of almost 50 years of age. Wherever possible the authority will try to offer workers who might be at risk the opportunity to retire or leave on a voluntary basis. This is subject to age and status restrictions, affordability, through the impact on the budget and pension fund, and the need to retain skills in some areas. This policy has helped to avoid forcibly making workers redundant. Over recent years the number of employees retiring or taking advantage of the voluntary schemes has helped avoid enforced redundancies.
Disability	The functions and responsibilities of the County Council means we provide important services and support to disabled people, carers and the families of disabled people. Some specialist services are targeted at people with sensory impairments, people experiencing poor mental health, people with a learning disability, and people with dementia. Cuts to these services or changes in the way support is provided can have a significant impact on the lives of these customers, their ability to participate in society, their well-being and life chances. Any changes proposed for non-statutory entitlement to bus travel concessions/ support for travel would be likely to impact adversely on disabled people, since the statutory entitlement rules are largely set by national Government. The budget proposals for 2022-23 include a number of savings proposals which could affect disabled people, adults and children, carers and the families of disabled people, including: • Working age Adults - £1.942m • Older Adult's pathway - £7.150m • Reducing agency Spend - £0.400m • Preparation and Planning for Disabled Children - £0.190m <u>Disabled workers</u> The number of employees who have declared a disability makes up around 3% of the Council's total workforce. This has remained relatively unchanged over the last 10 years.

	Levels of disability vary across departments but are higher in Adult Social Care and Health. Proposals in this department could therefore impact on a disproportionate number of disabled workers. Changes such as relocation, changes to duties and responsibilities, or to terms and conditions, including pay, can also affect disabled employees in a negative way. This can include the disruption which can result from staffing and other changes.
Gender (Sex)	Many of our direct customers are women. They are more likely to feature as carers, as residents of care homes/ user of older person services, user of libraries, benefit from community safety services and protection type services, and as amongst parents needing support. Women make up almost 80% of the total workforce and a similar majority of the many part-time workers we employ. Proposals within this budget include a number to restructure service teams, where women, by nature of the proportion they represent, are likely to be affected to a greater degree. Amongst the proposals, the following are likely to impact on women to a greater extent: • Working age Adults - £1.942m • Older Adult's pathway - £7.150m • Review of Contracting & Commissioning Staffing - £0.100m • Reduce agency spend - £0.400m • Review of Housing Related Support schemes - £0.200m • Children's Services – Back-office costs - £0.046m • Libraries – £0.156m Women as mothers/ parents could be adversely affected by proposals such Older women could be affected by the Adult Social Care and Health proposals, having levels of care reduced and other services which enable older people to remain in their own homes. <u>Female and male workers</u> With women making up almost 80% of employees, and a similar proportion of part-time workers, proposals which would alter staffing structures, numbers, working hours or duties could adversely affect men and women differently. Whilst staffing reductions might be in proportion to the size of the male or female workforce in the Council, the fact that the authority employs many more women, will mean that women are likely to be affected in greater numbers, and to a greater degree in the case of part-time and lower paid employees.e.g., Libraries.

Gender re-assignment	The incidence of gender re-assignment is rarely monitored but we do know that the number of people to whom this applies is increasing in the UK. This makes it difficult to gain accurate figures for the numbers of residents and people who use our services, who have or are undergoing gender re-assignment. We do know that a small number of services work with people who have this protected characteristic as a target group, such as community safety, to tackle issues such as hate crime, or public health services in relation to well-being or sexual health. As an employer we are becoming increasingly experienced in supporting people who transition. This means that amongst our residents and people who use our services, people with this protected characteristic will be represented and could be additionally affected in some cases. A number of proposals within the budget could potentially have low adverse impact on this group of people including: • Libraries - £0.156m • Reducing Agency Spend - £0.400m
Marriage and civil partnership	The public sector duties in relation to marriage and civil partnership seek to ensure that anyone in a civil partnership does not experience less favourable treatment than those who have entered into a marriage.
Pregnancy and maternity	There is much research which has revealed that women who become pregnant can experience discrimination, especially in relation to employment, but also because of attitudes towards issues such as breastfeeding. A range of public health commonly work with expectant mothers and new parent households. Changes to these services could have a significant impact on pregnant or expectant mothers/ households where these individuals or families require support or engage with local services. Recent legislative changes have extended the rights of parents to share parental leave. The Council has developed a clear policy for supporting employees who take shared parental leave. Of the proposals within the budget for 2022-23 it is considered that the following could result in an adverse impact on expectant and new mothers or families taking shared parental leave: • Review of Contracting & Commissioning Staff - £0.100m

	• Libraries - £0.156m • Reducing Agency spend - £0.400m
Race	When compared to the nearby cities of Derby, Nottingham, Sheffield, and Manchester/ Stockport, which are within easy reach of Derbyshire, the county has a lower than average population of people from a BME background. Derbyshire's BME population is spread across a broad range of different racial and ethnic groups, including people from the EU and Eastern Europe, from Black, Chinese and Asian communities. Only one area within Derbyshire has a BME population which represents more than 10% of the total population, the Stenson Fields area on the edge of Derby City but within the administrative area of South Derbyshire. Chesterfield, Long Eaton and Shirebrook are also known to have identifiable communities of BME people. Over the last decade the Council has invested in developing consultation with BME based community and voluntary organisations, establishing the BME Community Forum. This Forum has worked closely in the past with Adult Social Care to improve understanding of the needs of BME customers, and ensure services are culturally sensitive to their needs. This work has also meant that funding has been made available to help develop the capacity of BME community and voluntary sector organisations. A number of the proposals within the budget plans for 2022-23 could impact adversely upon BME households, but to a similar degree to non-BME households, and are dependent upon the extent to which those households use or engage currently with services. This includes: • Working Age Adults - £1.942m • Older Adult's pathway - £7.150m • Review of housing Related Support Schemes - £0.200m • Reduce agency spend £0.400m • Review of Contracting & Commissioning Staff - £0.100m • Preparation and Planning for Disabled Children - £0.190m • Libraries - £0.156m <u>BME employees</u> Around 3% of the Council's workforce is from a BME community. This rate has only increased very slowly and by a small amount over the last decade. This rate is higher in Adult Social Care and Health, but lower in other departments, reflecting the occupational segregation of our BME workers. Re-structuring proposals in Adult Social Care could affect BME representation, if job cuts were to be made in relation to jobs carried out by BME employees.

Religion and belief including non-belief	Religion and belief, including non-belief, can often mean that people will have different cultural or dietary needs, which as service users, will need to be met or taken regard of. Faith often features as an issue in relation to schooling, school transport, or the services which are provided to people we support or care for, and services which work in communities tackling abuse or exclusion. A small number of the proposals could have an adverse impact upon some people from a religious minority background, including: • Working Age Adults - £1.942m • Older Adult's pathway - £7.150m • Review of housing Related Support Schemes - £0.200m • Reduce agency spend £0.400m • Review of Contracting & Commissioning Staff - £0.100m • Preparation and Planning for Disabled Children - £0.190m • Libraries - £0.156m <u>Employees who follow a faith or religion</u> There are a very small number of people from the Muslim, Sikh, Hindu, Jewish and Buddhist communities within the Council's workforce. Most workers have indicated that they are either Christian or have no religion. When considering the likely impact on employees of staffing restructures and other proposals, the issue of religion and belief is unlikely to feature highly, and there is unlikely to be a measurable adverse impact.
Sexual orientation	Although monitoring data is not always available in every walk of life, and there is still evidence that people may not provide this information in every situation, estimates suggest that LGBTQ people to make up between 2 and 5% of the population, and accordingly of people who use our services, and people who rely upon our support based services. This is likely to mean that they will feature amongst all groups of customers but may not self-identify specifically as LGBTQ. Over recent years we have improved the extent to which our services have become aware of the needs that LGBQ people in relation to a number of services or functions of the Council

	It is likely therefore that proposed savings across most areas of service will also impact on LGBQ people as they would on heterosexual people, and that as a consequence, where the protected characteristic of sexual orientation might require a different or adapted services, that these are also affected by cuts or changes, in some cases in an adverse impact for people who are LGBQ. Issues which are commonly raised include personal safety, support for young people making future life and identity choices, the provision of same sex marriage ceremonies and civil partnership ceremonies, public health including sexual health, mental health support, employment, policy development and how the Council communicates with its LGBTQ communities and residents. A small number of the proposals are believed to have implications for people who are lesbian, gay, bisexual or who identify differently than heterosexual including: • Libraries - £0.156m <u>LGBTQ employees</u> Lesbian gay, bisexual and other non-heterosexual workers LGBQ workers make up around 2% of the workforce, and are represented across the authority, with slightly higher proportions working in Adult Social Care and Health, and lower than average proportions in Economy Transport and Environment. The LGBTQ Employee Network has historically provided useful feedback to the Council over how new or changing policies and service might impact upon or be used/ accessed by LGBQ and T people. There is no current evidence to suggest that as employees they have been disproportionately adversely affected by changes to the workforce arising out of budget savings.

Non-statutory

Socio-economic and social mobility	Derbyshire has a high variation between households who are affluent and those which experience deprivation or socio-economic disadvantage. Many services provided by the Council are designed to meet people with fewer resources, people who may experience poorer health, or have lower life chances. Accordingly, for many of our customers, deprivation or disadvantage will be a key determining factor which accounts for access and consumption.

	Most of the proposals in the budget will exercise a potential adverse impact on those who have fewest resources, or who are least able to cope when services are reduced or removed. The following proposals are expected to exercise a significant possible adverse impact of people with fewer resources, or living in deprived communities, including: • Proposed savings in relation libraries Social mobility is determined though a number of factors, many of which are beyond the control, but not necessarily the influence, of the County Council. The state of the national and local economy exercises significant influence over whether individuals or households are able to improve their standard of living, and achieve a better life for themselves, accessing choice and control which was previously denied or out of reach, or by gaining skills and resources to change things. In Derbyshire those with least social mobility can be found in our deprived communities and neighbourhoods, and amongst a number of protected characteristic groups, especially disabled people, and women. The proposed savings in the budget for 2022-23 could further limit some aspects of social mobility. This will include savings in relation changes to older and disabled people's care and other services. That said, the Council continues to invest its energies in attracting and supporting local, businesses and jobs, which if successful provides a key lever for people to access social mobility opportunities, and generating additional opportunities. Importantly, new jobs need to get to local people from deprived communities and groups, or part of the potential benefit is lost, and social mobility cannot be improved. The Council employs people from across Derbyshire, including many workers who live in poorer and deprived communities. Additionally, many such workers will work in the same or a nearby community to that they live in. Reductions in jobs in such localities, albeit small in number, can result in a negative impact in those same communities and reduce opportunities for social mobility.

Rural	The Council provides a number of services which may be delivered differently or may be more costly to deliver in its rural areas. The county's market towns often have "branch" type offices of local services, where teams of staff are based and work in the community and surrounding rural areas. Additionally, some services, such as the financial support for public transport, may be concentrated into supporting services which specifically serve rural areas, to ensure these areas have services and are accessible. Proposals which could lead to a reduction or the removal of services in the county's rural areas can have a large negative impact upon the sustainability and resilience of rural communities, and cause significant difficulties for poorer or less mobile residents. • Working Age Adults - £1.942m • Older Adult's pathway - £7.150m • Review of housing Related Support Schemes - £0.200m • Reduce agency spend £0.400m • Review of Contracting & Commissioning Staff - £0.100m • Preparation and Planning for Disabled Children - £0.190m • Libraries - £0.156m • Future Highways Model - £0.500m The Council employs people from across Derbyshire, including many people who live in its rural areas. The extent to which job losses amongst workers will impact on rural communities is un-researched.
Other groups of people and businesses	<u>Businesses in Derbyshire</u> A number of the proposals could affect businesses which provide services to the Council. For example, where the Council is proposing to make savings in relation to purchased goods and services, where the maintenance of buildings and assets will be affected, and in relation to opportunities to tender or bid for contracts and commissioned services, changes to frontline and back office services can lead to external businesses and other providers being adversely affected. This could also be the case where the Council proposes to move out of buildings in town centres and communities, leaving them blighted as the range of local services declines.

	This could have a negative impact on the local economy during a difficult economic outlook as the Council looks to recover from the Covid-19 pandemic supporting regeneration across the region and the continued decline of the high street. The Council has supported businesses during the pandemic ensuring prompt payment of goods and services and implementing a hardship fund. How expenditure takes place in relation to regional and local economic development support is also of relevance. Including the priorities and eligibility criteria fixed for businesses seeking to access help and support. The Council's relative success in attracting investment into Markham Vale does not necessarily benefit businesses in other areas of Derbyshire. <u>Public and private partners</u> A number of the proposals could lead to changes in procurement and commissioning arrangements, or affect the Council's capacity to work with public and other partners, including: • Working Age Adults - £1.942m • Older Adult's pathway - £7.150m • Review of housing Related Support Schemes - £0.200m • Reduce agency spend £0.400m • Review of Contracting & Commissioning Staff - £0.100m • Preparation and Planning for Disabled Children - £0.190m • Libraries - £0.156m • Future Highways Model - £0.500m In a number of the proposals (which have become more detailed and are now being consulted upon) assumptions have been included which expect service reductions or re-organisation to be aided or mitigated by services from the community and voluntary sector. There are few signs in these reports which establishes that the sector can do all of this, nor are there indications that funding will be increase to this sector to enable them to develop the capacity or resources to do so.

b. What does customer feedback, complaints or discussions with stakeholder groups tell you about the impact of the policy, practice, service or function on the protected characteristic groups?

The consultation completed asked the public a small number of questions and used the Council Plan priorities as the basis for priority area expenditure. As some distinct communities are not easily visible or represented within these priorities, this makes analysis of the consultation responses more difficult to interpret in relation to the nine protected characteristic groups.

The consultation only resulted in one comment that was related to Equality, the comments suggested that additional Focus Groups should be targeted at different groups including age, gender and race to understand what is and isn't working for specific groups of people.

Protected Group	***Findings***
Age	When the public was asked which priorities it supported, a number of those selected support looking after older people (this being fifth of priorities requested) and providing support for vulnerable children and families (ninth). This perhaps also reflects the work of our two largest spending departments Adult Social Care and Health and Children's Services. The average age of respondents was 56 years, with the youngest being 16 and the oldest 90. A total of 33 residents also took part in five online focus groups where the average age was 63 years. There were some comments received regarding road maintenance and potholes. Whilst we cannot distinguish which age group made these comments we do know that Men aged 34-54 drive the most miles in the UK at almost 19,000 annual miles, therefore we can assume that it is likely this age group are more interested in the maintenance of roads.
Disability	The recent public consultation asked those taking part to indicate if they have a disability, so it is possible to review feedback in relation to people who have a disability and those who indicated they did not. Of those who took part 17% of respondents indicated they had a disability, slightly lower than as a percentage of the adult population with a disability or long-term illness (the definition used within the Census).

	No specific questions were asked in relation to mental health so it difficult to tell from the consultation whether the public would see investing in mental health services as a distinct priority. It could be expected that the strong support for expenditure which supports and encourages healthy lifestyles will impact positively on some areas of disability, including mental health. However, there were some general comments about the importance of health and wellbeing.
Gender (Sex)	Of those who responded, there was relatively even split of 49% male and 51% female. This is similar to the previous year but a change from previous years where the respondents have tended to be from female residents. Comments from the consultation tended to be gender neutral it was not possible to distinguish from which gender they came from.
Gender reassignment	People who have or are undergoing gender re-assignment will feature amongst the population of Derbyshire who had opportunities to participate, and may well feature amongst those who have responded. It is not possible to identify specific impacts on the basis of gender re-assignment from the consultation which has been carried out.
Marriage and civil partnership	Those participating were not asked to indicate if they had this protected characteristic. This is not believed to have been a factor which would significantly determine impact and as such opinion within the budget consultation. However, amongst the support for specific priorities, there was support for investing in services which support families and children, and keeping children safeguarded.
Pregnancy and maternity	Those participating were not asked to indicate if they had this protected characteristic. There was support amongst those who took part for services for families and children, and for work which supports healthy lifestyles, both of which are likely to be specifically relevant to expectant parents and newly born children.
Race	Those participating were not asked to indicate if they had this protected characteristic. From the responses received it is not possible to identify specific views from our BME communities in relation to the budget consultation.

	However, there was a focus group with the Black Minority Ethnic Forum, which highlighted an interest in a more improved public transport network for social, work and daily tasks. This was reflected more widely in this focus group than in the others that were carried out.
Religion and belief including non-belief	Those participating were not asked to indicate if they had this protected characteristic. From the responses received it is not possible to identify specific views from our religious minority communities in relation to the budget consultation.
Sexual orientation	Those participating were not asked to indicate if they had this protected characteristic. From the responses received it is not possible to identify specific views from people who are LGBTQ in relation to the budget consultation. From previous consultations with organisations representing LGBTQ people it is still believed that investment in community safety and public health services can feature as a priority with LGBTQ people, although they are just as likely to be supportive of expenditure on looking after older people, support for younger people and issues such as jobs and the economy, the environment, road and transport and tourism and the visitor economy as non LGBTQ people.

Non-statutory

Socio-economic	Those participating were not asked to indicate if they had this protected characteristic. A total of 21% of respondents supported help for older adults and 17% in economic regeneration. Those who support expenditure on looking after older and vulnerable people may also be highly represented amongst respondents from disadvantaged communities, since these services can be more important to poorer older people. It should also be recognised that many people with disabilities, including those with learning disabilities are likely to have lower incomes and more likely to experience economic disadvantage. The support for economic regeneration is perhaps a reflection of the current economic situation faced by the UK as a result of the Covid-19 pandemic. Unemployment in Derbyshire has decreased over the past 2 months, it is however still higher than in previous years, with the claimant count (as of November 2021) being 3.1% compared to 4.6% as of November 2020 and 2.2% in November 2019.

Rural	From the consultation responses it is possible to identify the proportion of respondents who supported investment in improving access to rural services, those who supported investment into the environment and those supporting road maintenance and repairs expenditure (although this does mean all supporters were rurally based). Some 41% supported investment in roads, 28% in the environment, and 19% in countryside services, much of which benefits the Peak District and Derbyshire's more rural areas.

c. Are there any other groups of people who may experience an adverse impact because of the proposals to change a policy or service who are not listed above?

The Council spends a significant amount of its budget buying, procuring and commissioning services from local businesses, charities, partners and other organisations based in Derbyshire and elsewhere. Proposals which seek to alter whether a service is purchased in this way, perhaps by bringing a service in-house, or by placing a service out within a tendering process, can result in negative or positive impacts for these organisations. Where the amount we have to spend with other companies or organisations is reduced, this can lead to unintended consequences for them, reducing income, affecting their futures and leading to reductions in the number of people they employ. Increasingly services identifying a role for the community and voluntary sector within their proposals that involve these organisations and volunteers directly delivering some services. To be able to do this successfully, services need to be clear about whether this capacity already exists or whether they will need to help- develop this, and on the time and levels of resources that would be required. Within the responses received to spending priorities it is clear that motorists have featured amongst those who took part. One of the highest levels of support was for expenditure on roads maintenance/ repair. This level of support has been repeated each time consultation has taken place in relation to the budget or Council priorities. This type of expenditure is universally important. Support for social care services has also featured highly over repeated consultations in recent years.

d. Gaps in data

What are your main gaps in information and understanding of the impact of your policy and services? Please indicate whether you have identified ways of filling these gaps.

Gaps in data	Action to deal with this
Data in relation to the protected characteristics of race and ethnicity, religion and belief including non-belief, marriage and civil partnership, pregnancy and maternity, sexual orientation and gender re-assignment in relation to customer and consultation data.	Review how data can be improved before next year's budget analysis, including by designing in further ways to engage with communities and groups, and to consult across a wider range of protected characteristics over budget proposals.
Consultation feedback disaggregated by protected characteristics of race and ethnicity, religion and belief, sexual orientation, and gender re-assignment status.	The 2021 Census that took places asked monitoring questions for the first time, once the results are available in 2022, we will have a much more detailed picture of communities which will provide improved data in relation to the protected characteristics. In addition, the new Equality, Diversity and Inclusion Strategy will include work to update and improve our knowledge and understanding of our diverse communities.

Stage 6. Ways of mitigating unlawful prohibited conduct or unwanted adverse impact, or to promote improved equality of opportunity or good relations

It is important that departments engage genuinely in consultation with residents, people who use our services, partners and staff, in case they have ideas or suggestions which could help reduce or avoid adverse impacts for the people of Derbyshire or specific groups of service users.

This could be alternative ways of delivering the proposed service, seeking out other sources of funding, or the improved management of performance so that more can be gained for less, avoiding wastage or overcharging.

The process is intended not to be fixed, and the authority is required to consider ideas which might mitigate against adverse outcomes. In some cases it may be possible to identify other resources, but this may also mean that other services will need to be cut or reduced instead.

In terms of mitigating against adverse impacts arising out of these budget proposals, it is expected that each proposal will be covered by a detailed equality impact analysis and that these should, having identified in more detail, the nature of any impact, will identify and outline the proposed measures that will be taken to mitigate against unwanted and adverse impacts.

Stage 7. Do stakeholders agree with your findings and proposed response?

Consultation carried out with the public and other stakeholders did not at this stage cover specific proposals.

As proposals are worked up and made subject to consultation, more detailed and direct or targeted consultations will take place to ensure more detailed information is obtained to inform each EIA and report to Cabinet/ Council.

Stage 8. Main conclusions

The budget proposals for 2022-23 will impact directly on frontline services. The savings identified are likely to have the most direct adverse impact on older, younger and disabled people, reducing levels of service and support, especially for those with lower and medium levels of need. The proposals will also see further movement towards a position of providing statutory services and support, in which services respond or intervene to avoid safeguarding and other risks.

The areas identified within the Five-Year Plan for savings in 2022-23 will mean a likely adverse impact for:

- Older people using care and support services, which is likely to include those with higher levels of need, and people living with dementia
- Women as service users and employees
- Disabled people requiring support and care
- The general public who use libraries (which will include people from all protected characteristic groups)
- People who may be vulnerable or subjected to abuse or harassment due to age, disability, gender, sexual orientation, gender identity, race or religion and belief.
- Groups using health and advice services commissioned by the Public Health Team (often vulnerable groups of people or people living in poorer communities)
- Potentially poorer and vulnerable people living in rural communities, including where local public and other transport may be affected.

As many of the savings are likely to be achieved by reducing staffing costs or numbers, through restructuring and service redesign, employees, especially female and older employees are expected again to be impacted, potentially in a negative way.

The nature of the list of proposed savings also limits the potential for making choices or to prioritise services, based on needs. The information available does not suggest that an exercise will take place to determine priorities or give much room for Members to reject proposals, without a need to find further savings elsewhere.

The detailed proposals will need to be subject to a more localised and focused equality impact analysis, to ensure that the detailed proposals are properly assessed, and opportunities for mitigation identified. The new Equalities, Diversity and Inclusion strategy will further develop our knowledge of our communities and seek to improve and address gaps in engagement. Together these and other potential actions could enable the Council to obtain a much more detailed picture of needs and priorities in the future, including by encouraging greater participation.

Stage 9. Objectives setting/ implementation

Objective	*Planned action*	*Who*	*When*	*How will this be monitored?*
Ensuring fair decision-making, including when deciding upon detailed proposals to meet budget requirements	All detailed proposals requiring formal decision to be accompanied by a detailed equality impact analysis	All departments	As proposals made and considered	Monitoring exercise in April 2022
Ensure that affected groups and communities will have a full opportunity to consider and be consulted upon detailed proposals to aid budget implementation	All detailed proposals requiring formal decision to be accompanied by a detailed and appropriate consultation, including by consulting with groups identified as likely to experience impact.	All departments	As proposals made and prior to formal decision-making process	Monitoring exercise in April 2022
Ensure that proposals affecting employees are made available for consultation	In addition to formal consultation under policies in relation to redeployment or redundancy, proposals affecting employees are subject to consultation with affected staff and the Trade Unions	All departments	Before being finalised	Through Trade Union and management meetings
Improve participation in budget consultation	Prior to the 2023-24 budget review and revise, as necessary, the methods for consulting over the proposed budget, including by asking differently/ focusing on actual budget choices rather than Council Plan priorities	Led by Finance with department support	2022	Analysis of who takes part Redesign of consultation and more use of focus groups and community groups
Continually Improve the focus of consultation to gain better information.	Alter the approach and design of consultation on the budget to focus on likely areas where there will be proposed savings	Led by Policy and Research and Legal Services	2022	Redesign of consultation content

Improve post implementation monitoring of impact	Departments to carry out post implementation monitoring and use to feed into future decisions Development of post implementation customer surveys/ consultation.	Improvement and Scrutiny Policy and Research/ Departments	2022	I & S review of how agreed proposals implemented and monitored.
Continue to identify opportunities to improve customer and service user data to aid future analysis.	Continue to develop customer segmentation, service user, and customer satisfaction and performance data. Review equality monitoring in light of changes to national monitoring introduced in the 2021 Census, to better enable comparison between demographic and customer data to take place.	Departments Policy & Research Human Resources	2022	Evidence of improved data and understanding of impact and ability to complete cumulative impact analysis/ monitoring.

Stage 10. Monitoring and review/ mainstreaming into business plans

Please indicate whether any of your objectives have been added to service or business plans and your arrangements for monitoring and reviewing progress/ future impact?

Departments will need to consider a range of actions which enable them to monitor the actual impacts which come out of implementing proposals and to use this learning to shape future decision making. This information will also need to be shared across the organisation so that the Council can continue to develop cumulative analysis of impacts on people with a protected characteristic.

Stage 11. Agreeing and publishing the completed analysis

Completed analysis approved by on

Where and when published?

With report recommending adoption of budget.

<u>Decision-making processes</u>

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title):

Date of report: 17 January 2022

Author of report: Assistant Director of Finance (Deputy s.151 Officer)

Audience for report e.g. Council/ date: 2 February 2022

Web location of report:

Outcome from report being considered

Details of follow-up action or monitoring of actions/ decision undertaken

Updated by:

Date:

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Report of the Executive Director, Corporate Services and Transformation

Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23

1 Divisions Affected

1.1 County-wide.

2 Key Decision

2.1 This is not a Key Decision.

3 Purpose of the Report

3.1 To obtain approval for proposals relating to the Capital Starts Programme for 2022-23 and the Treasury Management, Investment and Capital Strategies.

3.2 This report should be read alongside the following reports to this Council meeting: the Reserves Position and Reserves Policy Report, the Budget Consultation Results Report for 2022-23 and the Revenue Budget Report 2022-23.

4 Information and Analysis

4.1 In line with previous years, the proposed new Capital Starts Programme for 2022-23 has been evaluated and it is recommended to proceed with new borrowing of £31.835m (excluding invest to save schemes). The detailed proposals are set out in Appendix Two of this Report.

4.2 The Treasury Management Strategy Report for 2022-23 (Appendix Three) sets out the Council's management of its cash flow, borrowing and investments and the management of its associated risks.

4.3 The Investment Strategy Report for 2022-23 (Appendix Four) deals with the management of the Council's balances and reserves, managing the balance between risk and return.

4.4 The Capital Strategy for 2022-23 (Appendix Five) provides a high-level overview of how capital expenditure and capital financing contribute to the provision of local public services.

5 Consultation

5.1 No consultation is required.

6 Alternative Options Considered

6.1 N/A – the Council is required to have an approved new Capital Starts Programme, and to adopt a Treasury Management Strategy, an Investment Strategy and a Capital Strategy each year. Not producing a Capital Programme Approvals, Treasury Management and Capital Strategies report would be contra to the Council's Financial Regulations and other legislation and statutory guidance.

6 Implications

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

7 Background Papers

8.1 Papers held electronically by Financial Management & Strategy, Finance & ICT Division, County Hall.

8 Appendices

8.1 Appendix One – Implications.

8.2 Appendix Two – New Capital Starts Programme for 2022-23.
8.3 Appendix Three – Treasury Management Strategy Report for 2022-23.

8.4 Appendix Four – Investment Strategy Report for 2022-23.

8.5 Appendix Five – Capital Strategy for 2022-23.

9 Recommendations

That Council:

10.1 Approves the new Capital Starts Programme for 2022-23 set out in Appendix Two.

10.2 Adopts the Treasury Management Strategy for 2022-23 set out in Appendix Three.

10.3 Adopts the Investment Strategy for 2022-23 set out in Appendix Four.

10.4 Adopts the Capital Strategy for 2022-23 set out in Appendix Five.

11 Reasons for Recommendations

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

11.2 Government places controls on the financing capacity of the Council. This means that capital expenditure should form part of a programme, should be carefully prioritised in order to comply with the Council Plan, maximise the benefit of scarce resources and comply with *CIPFA's Prudential Code for Capital Finance in Local Authorities (2017)*. The Council's Financial Regulations require that Cabinet will make recommendations on the capital estimates and on any associated financing requirements to Council. The programme will then be approved by Council in February each year.

11.3 Treasury Risk Management at the Council is conducted within the framework of CIPFA's "*Treasury Management in the Public Services: Code of Practice 2017 Edition"* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report documents the proposed Treasury Management Strategy and requests that Cabinet recommends to Council that it adopts it. This will fulfil the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and also will assist with the requirements in the Council's Financial Regulations, which require that the borrowing and investments of the Council should be arranged in such a manner so as to comply with the CIPFA Code of Practice on Treasury Management.

11.4 Statutory guidance issued by Government in January 2018 requires that the Council adopts an Investment Strategy, focusing on service investments, where the Council uses its money to support local public services by lending to or buying shares in other organisations, and on commercial investments, where the Council uses its money specifically to earn investment income and this is the main purpose of the investment. This report documents the proposed Investment Strategy and requests that Cabinet recommends to Council that it adopts the Investment Strategy.

11.5 The Council's Financial Regulations require that a Capital Strategy is prepared and reported to Cabinet. This report documents the proposed Capital Strategy and requests that Cabinet recommends to Council that it adopts the Capital Strategy.

11.6 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

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This report has been approved by the following officers:

On behalf of: Managing Director Executive Director, Corporate Services and Transformation (S151 Officer) Director of Legal Services and Monitoring Officer	

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

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

7.1 None

Capital Programme 2022-23

1.1 The proposed new starts programme for 2022-23, along with funding streams, as shown in Table 1, has been evaluated and it is recommended to proceed with new borrowing of £31.835m (excluding invest to save schemes). More details on each individual scheme are set out below.

1.2 Schemes within the capital programme are usually funded from a combination of Government grants, capital receipts, borrowing, use of reserves and contributions from revenue budgets.

1.3 However, due to the Council wishing to preserve its revenue funds to enable it to provide flexibility in managing its budget reductions, the Council changed its approach a couple of years ago by using both capital receipts and borrowing to replace revenue contributions. In light of this, previous revenue contributions of approximately £15.000m reserved for the Adult Care Strategy will now be replaced with borrowing.

1.4 Capital receipts are used to support the overall programme and have normally been in the region of £2.000m-£3.000m per year. However, as the Council is reviewing its approach to property and asset management through rationalisation and Modern Ways of Working, in alignment with both the Council Plan and the Council Service Plans, this will provide the potential to increase capital receipts and assist with future funding of the programme. In cases where a new project is directly dependent on the disposal of an existing asset, for example, the replacement of a school, or where it is a statutory regulation that sales proceeds must be used to improve sports or educational facilities then the receipt from the disposal of the ‘old’ asset can be earmarked to fund the replacement. It is however, expected that future programmes will be able to use more available capital receipts to release both the burden on borrowing and revenue reserves.

1.5 The Capital Programme therefore remains affected by the downward pressure on the Council’s finances, with the main limiting factor on the Council’s ability to undertake capital expenditure being whether there is the revenue resource available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by Central Government, which is now mainly through capital grants. However, it is recognised that due to the increasing pressures being placed on school places, infrastructure and the backlog of Capital works on Council buildings, borrowing has been increased to ensure that the Council meets its statutory obligations and in turn assists in delivering the Council Plan.

1.6 The Council will receive estimated Government grants of almost £53.000m to address key issues in highways and maintenance, develop integrated transport schemes, and address the most immediate building condition issues in schools. Funding is requested to cover funding gaps, to assist in the building of new schools in response to major housing developments and also in the phased replacement of schools that have ageing buildings and are high on the buildings at risk register. There are also bids to alter Children's Homes to deliver facilities to support children to enable them to have good opportunities in life, along with adaptations for vulnerable people within Derbyshire.

1.7 Funding has also been made available, as in previous years, to provide financial assistance for disabled people requiring major adaptations to their accommodation.

1.8 To address some of the backlog on other Council properties and reduce the burden on revenue funding of Capital works, a Corporate bid has again been submitted as part of a long-term strategy to targeting the Councils backlog.

1.9 The Elvaston Masterplan, which was previously approved by Cabinet, is being undertaken in phases to secure the future of the estate for forthcoming generations and to also alleviate the considerable financial maintenance impact on the revenue budget in the long term by unlocking its commercial potential and enabling it to be a financially sustainable enterprise.

1.10 As in previous years and in line with the Council's ICT Strategy, a full capital replacement programme is being developed, to ensure that all capital related ICT hardware and software will be replaced over a five-year cycle. This envisaged borrowing of £2.000m per year, £10m overall, however, due to the significant infrastructure upgrades required, partly due to end of life equipment, £7.200m has already been committed, meaning that this year's bid of £1.750m will be less than the £2.000m envisaged, to enable the overall plan to remain within the allocated five year plan of £10.000m.

Table 1 Capital Programme Bids 2022-23

Funding Streams	**Grant**	**Borrowing**	**Invest to Save**	**Total**
	£m	**£m**	**£m**	**£m**
Children's Services				
Basic Need	0.500			0.500
Children's Homes Alterations		1.000		1.000
Devolved Formula Capital	1.274			1.274
Gamesley Rationalisation		0.750		0.750
Norbriggs Primary School Expansion		1.800		1.800
Schools Access Initiative		0.800		0.800
School Condition	10.635			10.635
SEND – High Needs Capital Allocation	2.490			2.490
Swanwick Primary School – Additional Facilities		0.460		0.460
Phased Replacement of The William Allitt School		7.000		7.000
Adult Social Care & Health				
Disabled Facilities Grant Adaptations	7.800	4.000		11.800
Corporate Services and Transformation				
Fire Mitigation		1.200		1.200
Kitchen Ventilation Schemes		1.400		1.400
Planned Maintenance Programme		4.400		4.400
ICT Hardware & Infrastructure Replacement Programme		1.750		1.750
Place				
Elvaston Masterplan		5.000		5.000
Fleet Vehicles			6.020	6.020
Low Emission Vehicle Infrastructure – Council Depots		0.300		0.300
Low Emission Vehicle Infrastructure – Public Facing		1.650		1.650
Local Transport Plan	27.371			27.371
Derelict Land Reclamation and Regeneration	2.676	0.250		2.926
Skips for Household Waste Recycling Centres			1.200	1.200
Transport Mobility Hubs	0.095	0.075		0.170
TOTAL	**52.841**	**31.835**	**7.220**	**91.896**

2 Summary of Individual Schemes

2.1 Childrens Services

Basic Need £0.500m
The Department for Education (DfE) grant allocation for Basic Need schemes is to provide additional school places in areas of population growth. Based on analysis of pupil projections, feasibility studies have been undertaken. Funding will be allocated from a priority list of potential projects once a grant figure is known.

Children's Homes – Alterations £1.000m
Four of the Council's children's homes are currently under refurbishment but as part of the planning and design work, it has been established that there are alterations needed to ensure that the homes provide the modern, fit for purpose facilities to tie in with the service provided by the Council. The alteration of three of the four homes would ensure that the current demands could be met and provide high quality support for the children in care.

Devolved Formula Capital £1.274m
DfE Grant funding for individual schools to cover the cost of upgrading and maintaining accommodation in line with school asset management plans controlled by individual schools. This capital grant gives all schools money to invest in their buildings, grounds and ICT equipment in order to improve educational standards.

Gamesley Rationalisation £0.750m
Gamesley is an area of high deprivation. The services run in the town are therefore vital to the wellbeing of the community. The current three buildings in use are under-utilised and costly to run and therefore a rationalisation project is under way to identify ways of offering the services in a more cost-effective way. Whilst the decision on the best option is yet to be taken, all options will result in the need for remodelling of the remaining buildings and there is a desire to proceed with the capital work as soon as possible to ensure continued support for the community.

Norbriggs Primary School Expansion £1.800m
Norbriggs Primary School is the normal area school for a large housing development of 650 houses due to be built at Mastin Moor. The school will need to expand to provide the places for pupils from this development and it is anticipated that the funding will be provided by the housing developer, through Chesterfield Borough Council, in the form of Community Infrastructure Levy. There is, however, no security of that funding, nor any timescale, therefore the County will be required to proceed with the project to expand the school to meet its statutory duty and pay the funding back when, and if, the funding is secured.
The school is judged as 'Good' by Ofsted and this expansion will enable the school to continue to provide high quality education to the growing population

in this Chesterfield Borough Council area and enhance the life chances of those pupils.

Schools Access Initiative £0.800m
Improving access into Derbyshire schools for children with disabilities by providing reasonable adjustments to school buildings and ensuring compliance with The Equality Act. These works also ensure vulnerable children can access mainstream education.

School Condition Allowance £10.635m
DfE Grant funding to cover the cost of upgrading and maintaining the condition of school accommodation to suit the needs of education in Derbyshire. Projects funded on school buildings where the condition is poor include re-roofing, replacement windows & doors, re-heating and re-wiring. A priority list of potential projects will be finalised once the actual grant figure is known.

School Condition Allowance allows for only the most serious condition related issues to be addressed given that the Council has a backlog of school condition expenditure.

SEND (Special Educational Needs) – High Needs Capital Allocation £2.490m
The allocation from the DfE is for the creation of High Needs places or the improvement of existing provision (for pupils with SEND or requiring alternative provision) at special schools, maintained schools and alternative provision. Funding will be allocated in line with the priorities determined in the SEND Review. The provision of places for pupils with High Needs is a statutory duty for the Council.

Swanwick Primary School – Additional Facilities £0.460m
Swanwick Primary is a popular school with a 'Good' Ofsted rating. The strategy for the school had been to re-build it on a nearby housing development site, as part of the provision of additional places to meet the needs of the new housing, but unfortunately that proved to be impossible, due to the developer's terms for committing Council funding. The school had frozen its plans for development due to that strategy. The school lacks group space for intervention with small groups of students and this small project would address that, as well as improving the library provision. Whilst not overcoming the disappointment of not having a new modern school, it would ensure that they have the facilities that it needs to continue to deliver high quality education to its community and provide places for the children that move on to the new development site.

Phased Replacement of The William Allitt School £7.000m
The William Allitt School in Swadlincote is housed in a building that is close to the end of its economic life and requires replacement. The poor condition of the main building is impacting on the popularity of the school and its journey to achieving at least a 'Good' Ofsted judgement. The full replacement of the

school would cost over £20.000m, therefore the proposal is to start a phased programme of replacement, which would provide modern teaching spaces that would meet current standards both in education and building performance.

2.2 Adult Social Care and Health

Disabled Facilities Grant £11.800m
Disabled people requiring major adaptations to their accommodation are able to apply for a Disabled Facilities Grant (DFG) administered by District Councils. The DFG is mandatory if the applicant is unable to access essential facilities within their home. The County Council has a duty to identifying suitable works based upon an assessment of individual needs: however, the decision to approve the grant lies with the relevant District Council.

The DFG process is prescribed by legislation and regulations and requires that applicants are subject to a Test of Resources (means test). The Test of Resources only looks at an applicant's income and does not take account of their outgoings or personal circumstances. There are three possible outcomes for applicants: a grant to cover the cost of the work (up to a maximum of £30,000), a grant to cover part of the work with the requirement that the applicant meets the remaining costs, or the grant application is deemed ineligible as the applicant is assessed to be able to meet all the costs of the work.

The decision on DFG funding is the responsibility of the relevant District Council. However, the County Council, as part of its legal duties under the Chronically Sick and Disabled Peoples Act (1970) s2(1)(e), is required to consider providing financial assistance where 1) the applicant requests assistance towards his/her assessed contribution due to financial hardship and/or 2) that the costs of the work assessed as being necessary are above the current £30,000 DFG limit and the applicant appears to be unable to meet the additional costs.

2.3 Corporate Services and Transformation

Fire Mitigation £1.200m
To fund the continuation of a planned programme of fire risk mitigation works in Council premises, including schools, where the Council has a duty of care to its employees to ensure they have safe environments to work in.
Under The Regulatory Reform (Fire Safety) Order 2005 the Council is required to undertake fire risk assessments on its building portfolio. These consist of operational assessments by establishment managers and technical assessments by property professionals in Corporate Property. Technical assessments consider the building components, the means of escape, the suitability of compartmentation, warning systems and equipment, etc.

Assessments are carried out against an established programme, agreed with the Derbyshire Fire & Rescue Service, to identify and improve the building form/fabric to a suitable standard. The Council's ongoing survey programme has identified the need for further funding to address these works.

Kitchen Ventilation Schemes £1.400m
The Kitchen ventilation replacement Programme has been ongoing for a number of years and is to fund investment in the kitchen ventilation systems, to ensure statutory compliance in meeting The Gas Safety (installation & use) Regulations 1998 and reduce corporate risk for the Council. The funding is to improve the condition and infrastructure to both gas and electric kitchen ventilation systems situated at various locations throughout the County, across a range of non-school and school buildings. Funding pressures and limited availability of parts and equipment, coupled with deteriorating and aged systems, have contributed to increased defects and risk of system failure leading to potential kitchen closure and unsuitable/unsafe working conditions.

A range of interventions will be required including, but not limited to replacement ventilation/extract systems, replacement pipework distribution systems, replacement ducting and improved safety measures and controls.

Planned Maintenance Programme £4.400m
The Council's quinquennial building condition surveys have highlighted significant building improvements that require redress, to ensure the continued use of buildings as well as safety to building occupants and members of the public. This new approach, in the last year for the Planned Maintenance Programme to be funded from borrowing rather than revenue, has been introduced to reduce the burden placed upon the Corporate Maintenance Budget, which covers reactive maintenance and repairs, and had previously funded the Planned Maintenance Programme up to 2020-2021.

The limited funding available from the Corporate maintenance budget for the Planned Maintenance Programme was only able to fund the highest priority work. Meanwhile, the reactive day to day maintenance was limited to emergency only repairs as the budget was insufficient to meet demand. The introduction of the Corporate Buildings Capital Investment Programme in 2021-2022 increased the funding capacity to address the condition and suitability of Council buildings, and increased the availability of revenue funding to respond to repairs and maintenance, allowing the restriction of emergency repairs only to be lifted. The Planned Maintenance Programme is designed to target essential capital improvements to address building suitability and condition in line with the Asset Management Framework.

The Council has a legal duty to ensure the safety of staff occupying corporate buildings, together with members of the public visiting such buildings. Funding pressures over recent years have contributed to the decrease of building standards, resulting in an increase in building defects and issues.

ICT Hardware and Infrastructure Replacement Programme £1.750m
As part of the ICT Strategy that was previously agreed by Cabinet it was proposed that major ICT infrastructure projects in ICT Services are funded

through capital borrowing for the five year period of the Strategy, at a cost of £2.000m per annum, or £10.000m over five years. £7.200m has been received for years one to three. This bid of £1.750m is for year four and reflects:

(1) The slowing down of the desktop hardware replacement programme due to a global shortage of microchips affecting the supply chain, as a result of Covid-19 and Brexit, and the additional logistical difficulties of configuring and distributing hardware with most employees working from home.
(2) The change in networking and connectivity requirements for buildings as a result of the Modern Ways of Working programme.
(3) The 'end of life' of a number of infrastructure components, meaning software and security updates are no longer available.

2.4 Place

Elvaston Masterplan £5.000m
Cabinet approved the Elvaston Castle Masterplan Delivery Programme in September 2020, which agreed in principle to the approval of the implementation of a delivery programme for the Elvaston Castle Masterplan and to secure funding in accordance with the Funding Strategy outlined in the report. A revenue bid was submitted for 2021-22 to enable the project to progress to the successful determination of planning permission. The planning application was expected to be submitted in December 2021, with planning determination by April 2022.

This capital bid will enable work to commence on the first phase of delivery, once planning permission is granted. This initial phase of delivery is to unlock the estate's commercial potential and therefore 'phase 1' includes the new access drive, car park, services/utilities, the new build cafe and regeneration of the stable yards and other core buildings, which will provide catering, retail and visitor facilities. All of these elements are fundamental to Elvaston's commercial success.

At the time that the Masterplan was approved by Cabinet, it was considered that the £5.000m for the access drive and car park would be subject to a LEP funding bid, with the £3.100m for services and site infrastructure acting as match funding. It is now known that the potential funding stream from LEP is no longer available, but the initial investment continues to be crucial to the project and without securing an alternative source for the funding, the project will stall. Further funding required for the new build cafe and the regeneration of the core buildings and courtyards will directly generate commercial income from visitors on site and the funding strategy for this element is that, subject to the Council's borrowing criteria, this funding could be secured on an invest to save basis.

Fleet Vehicles £6.020m
The vehicle replacement programme is designed to ensure that all vehicles are replaced in a timely manner based on age, mechanical condition and

directives on climate change for emissions produced by them. Additionally the programming and scheduling of vehicles for planned maintenance is vital to ensuring roadworthiness standards are maintained, however with ageing vehicles and through operational use, the wear and tear on critical components renders them less economical to maintain and reliability can suffer, which in turn can affect service provision for departments. Investment will assist in the continued increased operation of low or ultra-low emission vehicles within the Council fleet to reduce carbon dioxide (CO2), particulate and nitrous oxide (NOX) emissions to improve air quality for residents, and ensuring vehicles can be operated in clean air zones with the added knowledge and confidence that all fleet vehicles remain economically viable, reliable and safe.
Fleet vehicles are predominantly specialised in design and with the current pandemic and semi-conductor shortage, vehicle delivery dates may take up to twelve months from the point of the order being placed. The Council requires the replacement of gritting vehicles, non-clean air zone (CAZ) compliant vehicles and additional vehicles required by highways and adult care in 2022-23 and 2023-24 and therefore in order to ensure supply of vehicles within this timeframe it is vital that funding is secured to enable the placement of orders as early as possible in 2022.

Low Emission Vehicle Infrastructure – Council Depots £0.300m
The capital investment in low emission vehicle infrastructure to support the on-going roll out of the electrification of the Council's fleet, including its e-pool vehicles, is essential if the Council is to achieve its in-house ambition of being net carbon zero by 2032. By not investing in this infrastructure it will be difficult for the Council to encourage employees to use electric cars for grey fleet purposes. This will have both a carbon emissions effect and a financial impact. It will also demonstrate the Council is leading by example and hopefully encourage the general public to follow that example and enhance the Council's 'green' reputation.

Low Emission Vehicle Infrastructure – Public Facing £1.650m
The capital investment in low emission vehicle infrastructure to help meet the exponential growth in demand for electric vehicles, predicted over the next five to ten years, will be essential if the Council is to achieve its countywide ambition of being net carbon zero by 2050. By not investing in this infrastructure it will be difficult for the Council to encourage members of the general public to purchase electric vehicles. This will have a detrimental effect on carbon emissions and local/regional air quality and impact significantly on delivering the Council's green agenda. Conversely, by investing in this infrastructure it will demonstrate the Council is leading by example and help attract both the private sector and other public sectors, including Government, to invest proportionately in the county, increasing further the prospect of meeting the Council Plan commitment of 1000 public facing Electric Vehicle Charging points by 2025.

Local Transport Plan £27.371m

The Local Transport plan capital programme supports a number of Council Plan priorities and is fundamental to retaining highways assets in good condition, towards which the majority of the available capital funding is dedicated. The programme also supports road safety schemes and traffic management engineering schemes, and others to provide infrastructure, encouraging the use of public transport, walking and cycling.

Derelict Land and Regeneration Capital Programme £2.926m
Funding for the land reclamation programme is predominantly provided through capital grants secured from a variety of external funding organisations, with the Council providing some pump-prime investment. The funding may be used to match other funding from outside bodies and will continue to do so with further bids, working together with the Countryside team. It also assists with early scheme development on proposed works. The funding is also required to enable the Council to meet statutory obligations on land in its ownership, particularly around physical and environmental work on mines, tips and quarries to deal with hazards and contamination. The work on Chesterfield Canal also supports many hours of volunteer time through partnership working and the Memorandum of Understanding which, together with significant capital investment from the Chesterfield Canal Trust, all contributes to the ongoing restoration programme.

Funding for Markham Vale is predominantly provided through capital grants secured from a variety of external sources and capital receipts from land sales with the Council providing some investment.

Skips for Household Waste Recycling Centre £1.200m
The Council is currently re-procuring a contract for the management of its eight Household Waste Recycling Centres (HWRCs) across the county that utilise approximately 200 industrial 45 cubic metre skips. The contract is for a seven- or ten-year period and traditionally the contractors have purchased the skips (approximate cost of £1.200m) and written them off over the lifetime of the contract. However, these skips have a lifespan of between 15 - 20 years and the contractors have enjoyed the financial benefit of this on the expiry of the contract. In the new contract, commencing in October 2022, it is proposed that the Council procures the skips directly and has the financial advantage of retaining them for the next contract to maximise the value from them. The contract commencing in October 2022 will require the contractor to maintain the skips to a high standard to ensure that they are in a good condition to be transferred to the next contract.

Transport Mobility Hubs £0.170m
The development of low carbon transport mobility hubs located strategically across the county, to integrate all forms of transport as an alternative to private cars, will become increasingly necessary to help the Council achieve its ambition of being net carbon zero by 2050. These hubs will provide for alternative and innovative transport solutions, such as electric vehicle charging points, storage for e-bikes, cycle repair shops, car clubs, hire of e-bikes and electric car hire. Transport Hubs that meet the needs of both local

communities, and those visiting the area, will provide choice that will mean less reliance on the private car resulting in reduced congestion on the county's road network, improved air quality and enhanced physical and mental well-being for both residents and visitors.

2.5 Other Recommendations

In addition to the Capital Bids detailed above the Council recommends approval of an additional £10m, to facilitate work on waste management options. This is expected to be financed by £7m of Borrowing and a one-off contribution from Revenue of £3m, which will include technical and professional external support to ensure the optimal outcome of the Waste Treatment Facility and provision of associated services.

Appendix Three

Treasury Management Strategy Report 2022-23

1 Introduction

1.1 Treasury Management is the management of the Council's cash flows, borrowing and investments and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk is therefore central to the Council's prudent financial management.

1.2 Treasury Risk Management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's "*Treasury Management in the Public Services: Code of Practice 2017 Edition"* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.3 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (Appendix Four).

2 External Context

Economic background

2.1 The ongoing impact on the UK of the Covid-19 pandemic, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's Treasury Management Strategy for 2022-23.

2.2 The Bank of England (BoE) increased its Bank Rate to 0.25% in December 2021 whilst maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

2.3 Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the BoE also considered the UK economy to be evolving in line with expectations, however given the increased uncertainty and risk to activity the new variant presents, the BoE revised down its estimates for fourth quarter Gross Domestic Product (GDP) growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with UK Consumer Price Inflation (CPI) likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4%, compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

2.4 UK CPI for November 2021 was 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% year on year, from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% whilst the employment rate rose to 75.5%.

2.5 In October 2021, the headline 3-month average annual growth rate for wages was 4.3% for regular pay. In real terms, after adjusting for inflation, regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, with a fall in the number and proportion of lower paid jobs.

2.6 GDP grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% quarter on quarter in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. During the quarter, activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, whilst monthly GDP readings suggest there had been some increase in momentum in the latter part of the third quarter of 2021, fourth quarter growth is expected to be less strong.

2.7 GDP growth in the Eurozone increased by 2.2% in the third quarter of 2021, following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% year on year in November 2021, the fourth month of successive increases. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

2.8 The US economy expanded at an annualised rate of 2.1% in the third quarter of 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled that it is in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

Credit outlook

2.9 Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low. CDS prices had steadily edged down throughout the year, up until mid-November 2021, when the emergence of Omicron caused them to rise modestly. However, the generally improved economic outlook during 2021 has helped banks' profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of Covid-related business support measures by Government means that the full impact on banks' balance sheets may not be known for some time.

2.10 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessments of the outlook for UK Sovereign as well as several financial institutions, revising them from negative to stable, and even making a handful of rating upgrades.

2.11 Looking ahead, whilst there is still the chance of bank losses from bad loans as Government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast

2.12 The Council's Treasury Management Adviser, Arlingclose, is forecasting that BoE Bank Rate will continue to rise in the first calendar quarter of 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

2.13 Investors continue to price in multiple rises in BoE Bank Rate over the next forecast horizon, and the Council's Treasury Management Adviser believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around the Council's Treasury Management Adviser's central case are to the upside, whilst over the medium-term the risks become more balanced.

2.14 Yields are expected to remain broadly at current levels over the medium-term, with the 5-, 10- and 20-year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around short and medium-term yields are initially to the upside but shifts lower later, whilst for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

2.15 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A to this Treasury Management Strategy Report 2022-23.

2.16 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.50%, and that new long-term loans will be borrowed at an average rate of 2.21%. based upon an average term of 17 years.

3 Local Context

3.1 On 31 December 2021, the Council held £421.399m of borrowing and £372.377m of investments. This is set out in further detail at Appendix B to this Treasury Management Strategy Report 2022-23. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.21 Actual £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
General Fund CFR	525.679	606.299	699.469	776.239	839.399
Less: Other debt liabilities*	-64.548	-59.981	-62.986	-58.032	-52.872
Loans CFR	**461.131**	**546.318**	**636.483**	**718.207**	**786.527**
Less: External borrowing**	-360.899	-379.899	-356.579	-259.174	-256.429
Internal borrowing	**100.232**	**166.419**	**279.904**	**459.033**	**530.098**
Less: Usable reserves***	-395.100	-308.709	-253.466	-222.484	-207.784
Less: Working capital	-43.418	-43.418	-43.418	-43.418	-43.418
New borrowing (or Treasury investments)	**-338.286**	**-185.708**	**-16.980**	**193.131**	**278.896**

* Finance lease and PFI liabilities that form part of the Council's total debt. The new accounting standard IFRS 16 Leases is due to be adopted in 2022-23. The liabilities relating to leases which were previously treated as operating leases will be recognised on the Council's balance sheet. An estimate has been made of the impact of this change and included in the balance sheet summary and forecast. This change increases the General Fund CFR and other debt liabilities by an equal amount; therefore Loans CFR is unaffected.

** Shows only loans to which the Council is committed and excludes optional refinancing.

*** Excluding earmarked reserve arising from adjustment of modified loans balances on adoption of IFRS 9. This was a non-cash adjustment, therefore did not affect resources available to invest/reduce borrowing.

3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). Usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.3 The Council has an increasing CFR as a result of its Capital Programme.

3.4 Investments are forecast to fall to £185.708m by 31 March 2022 as the Council continues to use internal borrowing to fund capital expenditure. The Council is forecast to require additional borrowing by 31 March 2024, however, in reality, slippage of approximately 25% to 35% of the capital programme is to be expected based on past experience.

3.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2022-23.

Liability benchmark

3.6 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
Loans CFR	461.131	546.318	636.483	718.207	786.527
Less: Balance sheet resources	-438.518	-352.127	-296.884	-265.902	-251.202
Net loans requirement	**22.613**	**194.191**	**339.599**	**452.305**	**535.325**
Plus: Minimum investments*	10.000	10.000	10.000	10.000	10.000
Liability benchmark	**32.613**	**204.191**	**349.599**	**462.305**	**545.325**

* This is the liquidity allowance under MIFID II, which is a legislative framework instituted by the European Union to regulate financial markets and improve protections for investors, aiming to standardise practices across the EU and restore confidence in the industry.

3.7 Following on from the medium-term forecasts in Table 1 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £193.131m in 2023-24 and £278.896m in 2024-25 and minimum revenue provision on new capital expenditure based on a 40 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. In reality, there is likely to be some slippage of the capital programme.

4 Borrowing Strategy

4.1 The Council currently holds £421.399m of loans, an increase of £60.500m on the previous year, as part of its long-term strategy for funding previous years' capital programmes and short-term operational cash-flow management. The balance sheet forecast in Table 1 shows that the Council expects to reduce its borrowing in 2022-23. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £769m (General Fund CFR £699.469m x 110%).

4.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

4.3 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.

4.5 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. Arlingclose 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 2022-23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.6 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 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.

4.7 Alternatively, the Council may arrange forward starting loans during 2022-23, 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.

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

Sources of borrowing

4.9 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Loans Works Board).
- Any institution approved for investments (see below).
- Any other bank or building society authorised to operate in the UK.
- Any other UK public sector body.

- UK public and private sector pension funds (except Derbyshire Pension Fund).
- Capital market bond investors.
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.
- D2N2 Local Economic Partnership.

Other sources of debt finance

4.10 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing.
- Hire purchase.
- Private Finance Initiative.
- Sale and leaseback.

Municipal Bonds Agency

4.11 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

LOBOs

4.12 The Council holds £5.000m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £5.000m of these LOBOs have options during 2022-23, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £5.000m.

Short-term and variable rate loans

4.13 These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling

4.14 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5 Treasury Investment Strategy

5.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past twelve months, the Council's treasury investment balance has ranged between £345.166m and £462.841m. This level of investment is expected to fall in subsequent years as short-term external borrowing is repaid and additional internal borrowing is utilised to fund capital expenditure.

Objectives

5.2 The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates

5.3 The Covid-19 pandemic has increased the risk that the BoE will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates would be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

5.4 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council has diversified into higher yielding asset classes, with £70m currently invested in strategic pooled investments. This diversification has generated over £10m in income and will represent a continuation of this strategy first adopted in 2015-16.

5.5 The majority of the Council's surplus cash is currently invested in Local Authority loans, short-term unsecured bank deposits and money market funds.

Business models

5.6 Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

5.7 The Council may invest its surplus funds with any of the counterparty types in Table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits (County Fund)

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	50 years	Unlimited	n/a
Local Authorities & Other Gov't Bodies	25 years	£30m	Unlimited
Secured investments *	25 years	£30m	Unlimited
Banks (unsecured) *	13 months	£30m	Unlimited
Building societies (unsecured) *	13 months	£30m	£50m
Registered providers (Unsecured) *	5 years	£10m	£50m
Money market funds *	n/a	£30m	Unlimited
Strategic pooled funds	n/a	£30m	£100m
Real estate investment trusts	n/a	£10m	£50m
Other investments *	Individual Cabinet Approval		

5.8 **County Fund**: It is requested that the limit for the Council's main operational bank (currently Lloyds) of £60m is maintained (£30m overnight only and £30m up to 13 months in duration).

5.9 **D2N2**: It is requested that the overnight limit of £10m (currently Lloyds) is maintained.

5.10 ***Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

5.11 **Government:** Loans to, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

5.12 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

5.13 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

5.14 **Registered providers (unsecured):** Loans to, and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving Government support if needed.

5.15 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access.

5.16 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

5.17 **Real Estate Investment Trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile, especially as the share price reflects changing demand for the shares, as well as changes in the value of the underlying properties.

5.18 **Other:** This category covers non-treasury investments. Loans to unrated companies will only be made following appropriate due diligence which may include an external credit assessment. Cabinet will consider approval on an individual case by case basis.

5.19 **Operational bank accounts:** The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25bn. These are not classed as investments, but are still subject to the risk of a bank bail-in. BoE has stated that in the event of failure, banks with assets greater than £25bn are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

5.20 Credit ratings are obtained and monitored by the Council's Treasury Management Adviser, who will notify changes in ratings as they occur. Where an entity has its credit-rating downgraded so that it fails to meet the minimum approved investment criteria then:

- No new investments will be made.
- Any existing investments that can be recalled or sold at no cost will be.
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.21 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the minimum approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

5.22 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's Treasury Management Adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.23 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or with other Local Authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits (County Fund)

5.24 The Council's Total Useable Reserves available to cover investment losses are forecast to be £308.709m at 31 March 2022. In order to minimise risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government or Lloyds Bank (operational bank accounts)) will be £30m and capitalised interest. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

5.25 Credit risk exposures arising from non-treasury investments, financial derivatives and balances in operational bank accounts greater than £30m count against the relevant investment limits.

5.26 Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£30m per manager
Negotiable instruments held in a broker's nominee account	£100m per broker
Foreign countries	£30m per country

Liquidity management

5.27 The Council uses purpose-built cash flow forecasting software and Excel spreadsheets to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

5.28 In times of uncertainty, the Council will spread its liquid cash over a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6 Treasury Management Indicators

6.1 The Council measures and manages its exposures to Treasury Management risks using the following indicators.

Security

6.2 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 5:

Credit risk indicator	**Target**
Portfolio average credit rating	A

Liquidity

6.3 The Council has adopted measures to monitor its liquidity risk and can use either Liquidity risk indicator Option 1 or Option 2 below, as appropriate.

- **Liquidity Option 1 –** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

  Table 6:

Liquidity risk indicator	Target
County Fund: Total cash available within 1 month	£10m

- **Liquidity Option 2 –** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

  Table 7:

Liquidity risk indicator	Target
County Fund: Total sum borrowed in past 3 months without prior notice	£30m

Interest rate exposures

6.4 This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Table 8:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.435m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	-£1.435m

6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity structure of borrowing

6.6 This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 9:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and within 20 years	40%	10%
20 years and within 30 years	40%	10%
30 years and above	40%	10%

6.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year

6.8 The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 10:

Price risk indicator	31/03/23	31/03/24	31/03/25
Limit on principal invested beyond year end (including strategic pooled funds & non-treasury investments)	£150m	£125m	£100m

7 Related Matters

7.1 The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

Financial Derivatives

7.2 Local authorities have previously made use of financial derivatives embedded into loans and investments, both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall Treasury Risk Management Strategy.

7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

7.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive

7.6 The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's Treasury Management activities, the Council's S151 Officer believes this to be the most appropriate status.

Financial Implications

7.7 The budget for investment income in 2022-23 is £4.016m, based on an average investment portfolio of £240m traditional investments at an interest rate of 0.50%, and £70m of strategic pooled funds with dividends averaging 4.00%. The budget for long term external borrowing debt interest in 2022-23 is £12.525m, based on an average long-term debt portfolio of £273m, at an average interest rate of 4.50%, together with short-term debt of £0.240m. If actual levels of investments and borrowing, or actual interest rates, differ from forecasts, performance against budget will be correspondingly different.

Other Options Considered

7.8 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Council's S151 Officer, having consulted the Cabinet Member for Corporate Services and Budget, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Table 11:

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Treasury Management Advisors' Economic & Interest Rate Forecast - December 2021

Underlying assumptions

- The global recovery from the Covid-19 pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official Gross Domestic Product (GDP) data indicates that growth was weakening into the fourth quarter of 2021. Other data, however, suggested continued momentum, particularly for November 2021. Retail sales volumes rose 1.4%, Purchase Managers' Index (PMI) increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The Consumer Price Index (CPI) inflation rate rose to 5.1% for November 2021 and will rise higher in the near term. Whilst the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is of persistent medium-term price pressure.
- These factors prompted the Monetary Policy Committee (MPC) to raise the Bank of England (BoE) Bank Rate to 0.25% at the December 2021 meeting. Short-term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – fourth quarter 2021 and first quarter 2022 activity could be weak at best.
- Longer-term Government bond yields remain relatively low, despite the more hawkish signals from the BoE and the United States' Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in BoE Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast

- The MPC will want to build on the strong message it delivered by tightening policy despite Omicron uncertainty.
- The Treasury Management Advisors for the Council, Arlingclose, therefore expect BoE Bank Rate to rise to 0.50% in the first quarter of 2022, but then remain there. Risks to the forecast are initially weighted to the upside, then becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in BoE Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for BoE Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short-term and medium-term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

Table 12:

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market ra													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B – Existing Investment and Debt Portfolio Position

Table 13:

	31 Dec 2021 Actual Portfolio £m	**31 Dec 2021 Average Rate %**
External Borrowing:		
Public Works Loan Board	257.899	4.50
Local authorities (including D2N2)	148.500	0.14
LOBO loans from banks	5.000	4.50
Other loans	10.000	4.69
Total External Borrowing	**421.399**	**2.78**
Other long-term liabilities		
Private Finance Initiative (PFI)	59.753	
Finance Leases	4.639	
Transferred Debt	0.156	
Total Other Long -Term Liabilities	**64.548**	
Total Gross External Debt	**485.947**	
Treasury Investments:		
Local Authorities	176.000	0.50
Banks (unsecured)	102.050	0.25
Registered Providers (unsecured)	10.000	1.58
Money Market Funds	0.000	0.00
Total Deposits:	**288.050**	**0.45**
Bonds	5.092	2.12
Equities UK	8.331	5.00
Equities Global	6.239	2.95
Multi Asset Funds	25.400	3.33
Property	26.341	3.46
Total Strategic Pooled Funds	**71.403**	**3.45**
Total Treasury Investments	**359.453**	**1.10**
Net Debt	**126.494**	

Investment Strategy Report 2022-23

Introduction

1.1 The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**);
- to support local public services by lending to or buying shares in other organisations (**service investments**); and
- to earn investment income (known as **commercial investments** where this is the main purpose).

1.2 This Investment Strategy meets the requirements of statutory guidance issued by Government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

2.1 The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, leads to a cash surplus, which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of Treasury Management investments is expected to fluctuate between £257m and £379m during the 2022-23 financial year.

2.2 **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective Treasury Management activities.

2.3 **Further details:** Full details of the Council's policies and its plan for 2022-23 for Treasury Management investments are covered in the Treasury Management Strategy included at Appendix Three.

Service Investments: Loans

3.1 **Contribution:** The Council lends money to its local regeneration partners to stimulate local economic growth. The Council also lends money to its local Community Trusts to support local public services.

- £11.390m + capitalised interest and fees - Buxton Crescent Hotel Ltd – to regenerate the historic Buxton Crescent by redeveloping a derelict Grade I listed building at Buxton Crescent into a boutique hotel and spa. This will boost the economy and tourism in Buxton and the High Peak area. Contribution of £0.343m estimated for 2022-23.

- £0.500m - Community Trusts – to Chesterfield Football Club Community Trust for sporting and community provision in the greater Chesterfield area. Contribution of £0.020m estimated for 2022-23.

3.2 **Security:** Each loan requires individual Cabinet approval. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

	31 March 2021 actual			**2022-23**
Category of borrower	**Balance owed £m**	**Loss allowance £m**	**Net figure in accounts £m**	**Approved Limit £m**
Local Regeneration Partners	12.325	-1.232	11.093	13.000
Local Community Trusts	0.500	-0.050	0.450	0.500
TOTAL	**12.825**	**-1.282**	**11.543**	**13.500**

3.3 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

3.4 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by:

- Buxton Crescent Hotel Ltd – the hotel sector has faced a difficult year, with either a full lockdown or partial restrictions from 31 October 2020 until 19 July 2021 in Derbyshire.
- The Council agreed to the directors' request to re-negotiate the terms of the loan including an amended split fixed/variable interest rate, an extension to the term of the loan and an extension to the repayment holiday.

- The Council’s borrowing is secured by a legal charge over the property. The directors provide quarterly management information. The risk of loss based upon the Council’s Treasury Management Adviser’s (Arlingclose) non-rated corporate estimate of 10.0%, is £1.246m on the current loan amount outstanding of £12.461m. The Council’s borrowing is secured by a legal charge over the property.

- Chesterfield Football Club Community Trust – The Council’s borrowing is fully secured on the stadium. The risk of loss based upon an Arlingclose non-rated corporate estimate of 10.0%, is £0.050m on the current loan amount outstanding of £0.500m.
- Chesterfield Football Club has suffered from Covid-19 restrictions, resulting in no, or reduced, income from restrictions on fans attending home matches for a period. The Council’s borrowing is fully secured on the stadium.

Capacity, Skills and Culture

4.1 **Elected members and statutory officers**: Elected members receive periodic training from the Council’s S151 Officer on Treasury Management (including non-treasury investments).

4.2 The Council’s S151 Officer holds semi-annual meetings with the Council’s Treasury Management advisors to discuss Treasury Management Strategy options.

4.3 **Commercial deals:** The Council’s S151 Officer is aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

4.4 **Corporate governance:** The Council’s corporate governance arrangements are fully detailed in the Treasury Management Manual.

4.5 **Investment Indicators:** The Council has set the following quantitative indicators to allow elected members and the public to assess the Council’s total risk exposure as a result of its investment decisions.

4.6 **Total risk exposure:** The first indicator shows the Council’s total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 2: Total investment exposure

Total investment exposure	**31.03.2021 Actual £m**	**31.03.2022 Forecast £m**	**31.03.2023 Forecast £m**
Treasury management investments	338.286	310.395	255.336
Service investments: Loans	12.825	13.044	13.388
TOTAL INVESTMENTS	**351.111**	**323.439**	**268.724**
Commitments to lend	0.214	0.357	0.367
TOTAL EXPOSURE	**351.325**	**323.796**	**269.091**

4.7 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 3: Investments funded by borrowing

Investments funded by borrowing	**31.03.2021 Actual £m**	**31.03.2022 Forecast £m**	**31.03.2023 Forecast £m**
TOTAL FUNDED BY BORROWING	**0.000**	**0.000**	**0.000**

4.8 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return (net of all costs)

Investments net rate of return	**2020-21 Actual %**	**2021-22 Forecast %**	**2022-23 Forecast %**
Treasury management investments (excluding *)	0.94	0.55	0.55
*Strategic Pooled Funds	4.13	3.59	4.00
Service Investments: Loans	4.85	2.71	2.71
ALL INVESTMENTS	**1.64**	**1.31**	**1.87**

Table 5: Other investment indicators

Indicator	2020-21 Actual	2021-22 Forecast	2022-23 Forecast
Debt to net service expenditure ratio	1:1.49	1:1.50	1:1.55
Service Loans income to net service expenditure ratio	1:851	1:1451	1:1535

Appendix Five

Capital Strategy 2022-23

1 Introduction

1.1 The Capital Strategy outlines the principles and framework that shape the Council's investment proposals, aiming to deliver an affordable programme of capital investment which is consistent with the Council's financial strategy and contributes to the priorities set out in the Council Plan.

1.2 The Capital Strategy sets the Council's approach to capital investment identifying the issues and options affecting capital spending and sets out how available resources to fund the capital programme will be managed.

1.3 Local authorities continue to operate in a financially challenging environment with continued reductions in levels of government funding, the effects of Covid-19 and the impact of Brexit, which remains uncertain. Covid-19 will continue to have a financial impact on the Council for the medium term, therefore the Council will need to consider the operation of its services in the future and how capital resources are identified, deployed and managed.

1.4 The Prudential Code for Capital Finance in Local Authorities sets out a framework that was updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021. The framework supports local strategic planning, local asset management planning and option appraisal.

1.5 The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

1.6 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long-term financing implications and potential risks to the authority.

1.7 The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

1.8 In addition to the approved capital investment programme the Capital Strategy also considers the Council's ambitions over the medium to long term, the implementation of this strategy will ensure that:

- Capital Investment has a direct relationship to the Council Plan and supports its corporate objectives.
- Members and senior officers have a common understanding of the long-term context in which investment decisions are made and the financial risks which the council is exposed to.
- There is a framework for the review and management of existing and future assets (The Asset Management Plan).
- There is an investment programme that is expressed over the medium term.
- There is a framework that prioritises the use of capital resources.

1.9 This Capital Strategy sets out a framework for the self-management of capital finance and examines the following areas:

- Capital expenditure and investment plans.
- Prudential Indicators.
- External debt.
- Treasury Management.

2 Objectives of the Strategy

2.1 The capital budgets should support the key priorities laid out in the Council's Council Plan. Each capital proposal is required to clearly demonstrate the project links to the Council's priorities, which are:

1. Resilient, healthy and safe communities.
2. High performing, value for money and resident focuses services.
3. Effective early help for individuals and communities.
4. A prosperous and green Derbyshire.

3 Key Projects

3.1 Within the Council Plan are a number of key projects which are, or will have an impact on the Council's Capital Programme:

- Delivered the Information and Communications Technology Strategy 2018-23 to streamline service delivery and embed modern working practices.
- Increased fibre enabled broadband coverage across Derbyshire for homes and business.
- Invested in well maintained roads and highways infrastructure.
- Investment to install 88,000 LED lights across the County in order to reduce 16,900 kwh of electricity saving £1.7m.
- Supported the development of a network of electric vehicle charging points across the county.
- Developed, agreed and begun to implement the Older People's Housing, Accommodation and Support Strategy.
- Ensure all Council run adult care homes have Quality of Care graded as good or outstanding.

3.2 In addition to this, the Council's Asset Management Framework identifies additional activities which are property specific including:

- Develop a model for the community management of Council property assets under the Thriving Communities agenda.
- One Public Estate projects.
- Delivery of major regeneration projects including Elvaston Castle.
- Delivery of the schools capital programme.
- Smarter working projects.

4 Approach to Capital Investment

4.1 The Council's Capital Strategy defines and outlines the Council's approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:

- An affordable and sustainable capital programme is delivered.
- Use of resources and value for money is maximised.
- A clear framework for making capital expenditure decisions is provided.
- A corporate approach to generating capital resources is established.
- Access to sufficient long-term assets to provide services are acquired and retained.
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged.
- An appraisal and prioritisation process for new schemes is robust.
- Capital expenditure contributes to the achievement of the Council's Strategic Plan.

5 Commercial Activity and Investment Property

5.1 The CIPFA Code defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income-driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

5.2 The Council does not currently borrow to fund these types of activities.

6 Loans

6.1 The Council has discretion to make loans for a number of reasons, primarily for economic development. These loans are treated as capital expenditure.

6.2 In making loans the Council is exposing itself to the risk that the borrower defaults on repayments. The Council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the Council is proportionate and prudent.

6.3 The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans are agreed by Cabinet. All loans are subject to close, regular monitoring.

6.4 For further details, refer to the Investment Strategy above.

7 Governance Arrangements

Capital Programme Approvals

7.1 The Council's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the Financial Regulations and the Council's Constitution.
- The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council.
- Prioritisation of funding and the schemes receiving entry into the Capital Programme.
- Each scheme must be under the control of a responsible person/ project manager.
- Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally be incorporated into the Capital Programme.

Capital Programme Bodies

7.2 The main internal bodies that are responsible for the governance and management of the Capital Programme are the Full Council, Cabinet, Cabinet Member and the Capital Strategy Group.

- **Full Council:**
  Approves the Capital Programme as part of the Annual Budget Report within the strategic boundaries set by the Council.

- **Cabinet/Cabinet Member:**
  Approves additional schemes into the Capital Programme and cost variations to various schemes

  Cabinet also receives the capital monitoring reports.

- **Capital Strategy Group:**
  This is a cross-service group of Officers with a finance, service and property management background.

  It is responsible for ensuring that the Council has a clear and cohesive strategy for managing its physical assets and to oversee the development and delivery of the Council's Capital Programme in support of that strategy.

8 Funding Streams

8.1 The Council's Capital Programme is funded from a mix of sources including:-

- **Prudential Borrowing**
  The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This type of borrowing has revenue implications for the Council in the form of financing costs.

- **External Grants**
  The largest form of capital funding comes through as external grant allocations from Central Government departments, such as the Department for Transport and Department for Education.

- **Section 106 and External Contributions**
  Elements of the Capital Programme are funded by contributions from private sector developers and partners. Growth in Derbyshire has resulted in Section 106 contributions from developers accounting for significant elements of funding of the Capital Programme in recent years.

- **Revenue Funding**
  The Council can use revenue resources to fund capital projects on a direct basis and this funding avenue has been used in the past. However, the impact of austerity on the Council's revenue budget

has reduced options in this area and therefore the preference is for Invest to Save options to be adopted where feasible.

- **Capital Receipts**
  The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

8.2 The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

9 Key strategies impacting on the Council's Capital Strategy

9.1 There are three key strategies in place that will significantly influence the Council's Capital Programme over the medium term.

(a) Property Asset Management Framework

9.2 The strategic aim of the Property Asset Management Framework is to ensure that the Council has appropriate, cost effective buildings from which to deliver services.

9.3 The aim of the strategy is to give clarity to the way we manage our assets, including:

- The organisational arrangements for asset management including polices and protocols.
- The corporate processes for decision making in relation to our assets – Corporate Governance.
- The performance measures and monitoring.
- How we manage and maintain our data on land and buildings.

Property Policies and Protocols

9.4 There are a number of policies and protocols that need to be in place to deliver strategic asset management effectively:

- Property Acquisition Protocol.
- Property Disposal Protocol.
- Community Asset Transfer Protocol.
- Lettings Protocol.
- Process for departments to follow when they have a property need.
- Process for departments to follow when they wish to vacate a property.

- Decommissioning Process.
- Property Review Process.

(b) ICT Strategy

9.5 The Council recognises that ICT is a key enabler of service delivery. The strategy outlines how ICT will deliver new technologies to support the ambitions and outcomes of the Council Plan and Derbyshire's approach to becoming an Enterprising Council.

9.6 In order to achieve this, a five-year replacement capital programme will be developed, and initial requirements over this period are likely to be around £10m:

Summary of Strategy Deliverables

- Changing Service Models
- ICT Governance Structure
- Modern Ways of Working
- Digital by Default
- Workforce ICT Competencies
- Corporate and Business systems
- ICT Infrastructure Delivery
- Responsible Data management

(c) Highways Infrastructure Asset Management Strategy

9.7 Highway infrastructure is the largest and most visible asset the Council is responsible for. With a gross replacement cost of £11.0bn, it is fundamental to the delivery of the Council Plan. It includes over 5,000km of road network, as well as supporting public transport through cycle routes, public rights of ways, canals, bus stations and shelters, on-street parking, school buses and vehicle fleet. It reflects the character and quality of the local areas that it serves and makes an important contribution to the wider Council priorities, including regeneration, social inclusion, education, employment, recreation and health. In order to deliver these aims and strengthen local communities, it is crucial that it is maintained to enable safe, reliable and sustainable journeys.

9.8 There are a variety of factors that need to be taken into consideration when determining the Council's expectations for the highway service:

- Meeting national policy, guidance and codes of practice.
- Delivering Council goals – including maintenance policy and Local Transport Plan.
- Supporting Council Vision.

- Complying with legal duties, including Highways Act 1980, Traffic Management Act 2004 and The Equalities Act 2010.
- Enabling effective whole Government accounts and local financial reporting.
- Managing Stakeholder expectations – the Council readily engages with stakeholders through Elected Members, the National Transport and Public Satisfaction Survey, the DCC website, officer workshops and Midland Service Improvement Group (MSIG).
- Understanding future demands of the highway infrastructure assets.
- Making the best of financially constrained budgets.
- Delivering efficiency and value for money.
- Delivering long term improvements to the condition of the network.
- Providing a safe and reliable network.

9.9 The major groups of assets covered by the Strategy are:

- Carriageways
- Footways and Cycleways
- Structures (Bridges/retaining walls)
- Drainage
- Street Lighting
- Electronic Traffic Management
- Street Furniture (Traffic Signs/Vehicle Restraint Systems etc)

9.10 The major source of capital funding for the network is from the Local Transport Plan grant from central government which is approximately £22m per annum.

10 2022-23 Prudential Indicators for Capital Finance

10.1 This section of the Capital Strategy sets out the prudential indicators and outlines how expenditure will be financed by borrowing in an affordable, prudent and sustainable way.

Information and Advice

10.2 The Local Government Act 2003 enables local authorities to determine their programmes for capital investment and associated borrowing requirements, provided they have regard to the Prudential Code for Capital Finance in Local Authorities developed by CIPFA and also take advice from the Section 151 Officer.

10.3 The Executive Summary of the Code states that “The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice."

10.4 The Code sets out a number of prudential indicators designed to support and record local decision making and it is the duty of the Chief Financial Officer (the Council's Section 151 Officer) to ensure that this information is available to Members when they take decisions on the Council's capital expenditure plans and annual budget. Key issues to be considered are:

- Affordability (e.g. implications for Council Tax).
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing).
- Value for money.
- Stewardship of assets (Service objectives (e.g. alignment with the Council's Strategic Plan).
- Practicality (e.g. whether the capital plans are achievable).

Affordability

10.5 The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the Council remains within sustainable limits.

10.6 In considering the affordability of its capital plans, the Council is required to consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, income and expenditure forecasts.

10.7 The costs of financing capital expenditure are:

- Interest payable to external lenders less interest earned on investments.
- Amounts set aside for repayments of amounts borrowed (including repayments of amounts relating to PFI schemes and other finance lease liabilities).

Table 1 – Actual and Estimates of financing costs to net revenue stream

10.8 This indicator identifies the trend in the cost of capital against the net revenue stream, based on the Capital Programme.

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
Financing costs of CFR	44.760	47.100	55.576	65.098	69.670
Net Revenue stream inc DSG	974.037	931.081	933.280	947.128	966.735
Percentage	**4.60%**	**5.06%**	**5.95%**	**6.87%**	**7.21%**
Net Revenue stream excluding DSG	612.373	556.391	558.59	572.438	592.045
Percentage	**7.31%**	**8.47%**	**9.95%**	**11.37%**	**11.77%**

Prudence and Sustainability

10.9 The Prudential Code requires that the Council shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable.

10.10 In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Council's overall fiscal sustainability.

10.11 The Council is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.

10.12 As part of the Prudential Code arrangements the Council needs to calculate the Capital Financing Requirement (CFR). This figure is simply historic outstanding capital expenditure which has not yet been permanently financed through either capital or revenue resource. It is a measure of the Council's indebtedness and the underlying need to borrow. Any capital expenditure which has not immediately been paid for through revenue or capital expenditure will increase the CFR.

10.13 The Code also states that "In order to ensure that over the medium-term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years." This is a key indicator of prudence.

Table 2 – Estimates of Capital Expenditure and Capital Financing Requirement

10.14 As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2022-23 does not, except in the short-term, exceed £699.469m (i.e. the estimated CFR for 2022-23).

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
Capital Expenditure	**91.062**	**163.380**	**231.400**	**127.390**	**105.670**
Funding Sources:					
Borrowing	14.359	92.430	123.610	104.550	92.410
Capital receipts	2.591	9.260	10.040	0.500	1.100
Capital grants	74.112	61.690	102.460	22.330	12.160
Revenue	0.000	0.000	3.000	0.000	0.000
Total CFR at year end	**525.679**	**606.299**	**699.469**	**776.239**	**839.399**
Net movement in CFR	0.510	80.620	93.170	76.770	63.160
Minimum Revenue Provision	13.849	11.810	22.730	27.790	29.250
PFI & Leases in CFR	64.393	59.832	62.845	57.899	52.747
PFI & Leases in MRP	4.326	4.560	4.787	5.046	5.251

External Debt

10.15 The Local Government Act 2003 requires the Council to set two borrowing limits for next year and the following two years with respect to external borrowing.

10.16 Operational Boundary – must be set for both borrowing and long-term liabilities.

10.17 This measure encompasses all borrowing and is used in-year as a tool for monitoring the Council's prudent borrowing requirements. The operational boundary is calculated by taking account of existing borrowing and long-term liabilities, planned new borrowing, net change in long term liabilities and any amounts set aside for repayment of debt.

10.18 Authorised Limit for external debt is a key prudential indicator, it is a control on the maximum level of borrowing; it represents a legal limit beyond which external debt cannot exceed, this limit needs to be set or revised by full Council. It reflects the level of external debt which whilst not desired, is affordable in the short-term but is not sustainable in the longer term

10.19 The Operational Boundary for external debt for the next three years is built up from the existing level of external borrowing, which was £360.899m, and the level of relevant liabilities (including finance lease liabilities), which was £64.548m, on the Balance Sheet at 31 March 2021.

10.20 The Authorised Limit for 2022-23 is to be £769m and the Operational Boundary is to be £734m.

Table 3 – Authorised Limit for External Debt

	2020-21 Actual £m	**2021-22 Estimate £m**	**2022-23 Estimate £m**	**2023-24 Estimate £m**
Authorised limit for external debt	**847**	**707**	**769**	**854**
Operational boundary for external debt	**816**	**675**	**734**	**815**
Borrowing	361	380	357	259
Other debt liabilities	65	60	63	58
Total	**426**	**440**	**420**	**317**

11 Knowledge and Skills

11.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as its Treasury Management Adviser. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Report of the Executive Director, Corporate Services and Transformation

Appointment of External Auditor

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To provide Full Council with details of the requirement for the Council to procure a new external auditor for the audit of the Council's accounts for 2023-24 and the four years thereafter.

3.2 For Full Council to note the options available for how to make the appointment and to approve the recommendation from Audit Committee that they support the preferred option of again opting-in to the sector-led body, Public Sector Audit Appointments (PSAA), to undertake the procurement on behalf of the Council.

3.3 For Full Council to note that the decision to become an opted-in authority must be made by Full Council before 11 March 2022, which is the closing date to give notice to PSAA of the Council's acceptance of its invitation to participate in a sector-led approach to procurement.

3.4 For Full Council to note the recent Government Letter on Local Audit Arrangements, which instructs PSAA to progress its proposed procurement strategy for the next round of local audit contracts from 2023-24.

4. Information and Analysis

Current Arrangements

4.1 The Council's current external auditor is Mazars. Their appointment on 14 December 2017 was made after Full Council opted-in to a sector-led approach to appointing an external auditor on 7 December 2016, approving the use of PSAA to undertake the procurement on behalf of the Council.

4.2 PSAA is an independent company limited by guarantee, incorporated by the Local Government Association (LGA) in August 2014. In July 2016, the Secretary of State specified PSAA as an 'appointing person' for principal local government bodies for audits from 2018-19, under the provisions of the Local Audit and Accountability Act 2014 (the Act) and the Local Audit (Appointing Person) Regulations 2015 (the Regulations). Acting in accordance with this role, PSAA is responsible for appointing auditors and setting scales of fees for relevant authorities that have chosen to opt-in to its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts PSAA enters into with audit firms.

4.2 At the time of PSAA's appointment of the Council's current auditors, PSAA confirmed that they had applied the following principles in selecting audit firms for each authority:

- Ensuring auditor independence.
- Meeting commitments to audit firms under the audit contracts.
- Accommodating joint/shared working arrangements where relevant to the auditor's responsibilities.
- Ensuring a balanced mix of authority types for each firm.
- Taking account of each firm's principal locations.
- Providing continuity of audit firm if possible but avoiding long appointments.

4.3 The current external auditor appointment covers the audits of five consecutive financial years, which commenced on 1 April 2018 and will come to an end on 31 March 2023.

Next Appointing Period

4.4 The external auditor for the audit of the Council's 2023-24 accounts, and for the four years thereafter, known as the next appointing period, must be appointed by 31 December 2022. The Council again has a choice about how to make that appointment.

4.5 On 22 September 2021, PSAA contacted the Council to again invite it to become an opted-in authority in accordance with the Regulations.

4.6 The closing date to give notice to PSAA of the Council's acceptance of its invitation to participate in a sector-led approach to procurement is 11 March 2022. A decision to become an opted-in authority must be made by the members of an authority meeting as a whole.

4.7 This means that the decision as to which option to use for the appointment of external auditors for the five-year period commencing 1 April 2023 must be made by Full Council before 11 March 2022.

Options for Local Appointment of External Auditors

4.8 There are three broad options for local appointment of external auditors open to the Council under the Act:

- Option 1 - Opt-in to a sector led body.
- Option 2 - Make a stand-alone appointment.
- Option 3 - Set up a Joint Auditor Panel/local joint procurement arrangements.

Preferred Option – Opt-in to a Sector-Led Body

4.9 The preferred option is Option 1, for the Council to again opt into the sector-led body, PSAA. The two other options, Options 2 and 3 in paragraph 4.8, to make a stand-alone appointment, or to set up joint auditor panel/local joint procurement arrangements, respectively, are considered in Section 6 of this report.

4.10 Opting-in to the local audit procurement by PSAA for the current arrangements was a success, with negligible internal cost of procurement in terms of time and expenditure, resulting in the appointment of a well-known, reliable, qualified, registered auditor, with whom the Council has built up a good working relationship over the appointing period, and reduced audit fees compared to previous years.

4.11 PSAA's primary aim for the procurement of audit services contracts for the next appointing period is to secure the delivery of an audit service of the required quality for every opted-in body, at a realistic market price, and to support the drive towards a long term competitive and more sustainable market for local public audit services.

4.12 The objectives of the procurement are to maximise value for local public bodies by:

- Securing the delivery of independent audit services of the required quality.
- Awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body.
- Encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market.
- Encouraging audit suppliers to submit prices which are realistic in the context of the current market.
- Enabling auditor appointments which facilitate the efficient use of audit resources.
- Supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery.
- Establishing arrangements that are able to evolve in response to changes to the local audit framework.

4.13 The PSAA scheme for the next appointing period will continue to build on the range of benefits already available for members:

- Transparent and independent auditor appointment via a third party.
- The best opportunity to secure the appointment of a qualified, registered auditor.
- Appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency.
- On-going management of any independence issues which may arise.
- Access to a specialist PSAA team with significant experience of working within the context of the relevant regulations, to appoint auditors, manage contracts with audit firms, and set and determine audit fees.
- A value for money offer, based on minimising PSAA costs, with distribution of any surpluses to scheme members. In 2019 PSAA returned a total £3.500m to relevant bodies, and more recently announced a further distribution of £5.600m in August 2021.

- Collective efficiency savings for the sector through undertaking one major procurement, as opposed to many smaller procurements.
- Avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities.
- Updates from PSAA to Section 151 Officers and Audit Committee Chairs on a range of local audit related matters, to better inform and support effective auditor-audited body relationships.

4.14 Although individual members would have less opportunity for direct involvement in the appointment process, other than through the LGA and/or stakeholder representative groups, this did not present the Council with any issues during the current arrangements.

4.15 In order for the PSAA to again be viable and to be placed in the strongest possible negotiating position, it needs councils to indicate their intention to opt-in before final contract prices are known. However, in respect of the current arrangements, the majority of eligible authorities opted-in, making it by far the most popular choice for the method by which to appoint local auditors. It therefore appears likely that PSAA's negotiating power will not be in doubt and best prices will be secured.

4.16 Acceptance of PSAA's invitation to opt-in means that an authority is opted-in for the duration of the compulsory appointing period. The only exception is where the authority ceases to exist, or the body ceases to fall within the classes of authorities for which PSAA is the appointing person.

4.17 For the avoidance of doubt, the opt-in also includes the audit of an authority's pension fund, where applicable. Pension funds are not separate legal entities from their administering local authority for audit, and are therefore not listed as relevant authorities in schedule 2 of the Local Audit and Accountability Act 2014. The auditor appointment to an opted-in local authority includes the audit of the pension fund where the authority is the administering body. The pension fund audit is subject to a separate engagement and scale audit fee, but the auditor appointment covers both the local authority and the pension fund. This applies to the Council, as administering authority for the Derbyshire Pension Fund.

PSAA Appointing Process

4.18 PSAA has supplied a form of notice of acceptance and this is attached at Appendix 2. The notice of acceptance must be sent by email to ap2@psaa.co.uk and must be received before midnight on 11 March 2022.

4.19 PSAA will confirm receipt of all notices of acceptance by e-mail.

Recent Government Letter on Local Audit Arrangements

4.20 The Department for Levelling Up, Housing and Communities (DLUHC) wrote to all S151 Officers and Chief Executives in England on 18 January 2022, to give an update on action the Government is taking to help tackle audit delays. The timely completion of local audit is a vital transparency method for the taxpayer and for sustaining public confidence in local democracy more broadly. For the timeliness of local audit to improve from the current situation, a collaborative approach to address the issues is required from across the whole system.

4.21 A new package of measures has been announced to signal the Government's commitment to the local audit market and to help support improved timeliness within the local audit market. Some of the key measures committed include:

- Providing councils with £45m of additional funding over the course of the next Spending Review period (three years commencing 2022-23) to support with the costs of strengthening their financial reporting and increased auditing requirements.
- Strengthening training and qualifications options for local auditors and audit committee members.
- Reviewing whether certain accounting and audit requirements could be reduced on a temporary basis, where these are of lesser risk to councils.

4.22 Longer-term measures to help stabilise the market and address long-term supply issues were announced and include:

- PSAA is to progress its proposed procurement strategy for the next round of local audit contracts from 2023-24, which is particularly relevant to this Report.
- Extending the 2021-22 audit deadline to 30 November 2022, and then 30 September until 2027-28.

4.23 This letter will be the subject of a report to Audit Committee before the end of the Council's current financial year.

5. Consultation

5.1 No consultation is required.

6. Alternative Options Considered

6.1 Alternative Options are set out below.

Option 2 – Make a Stand-alone Appointment

6.2 In order to make a stand-alone appointment the Council would need to set up an Auditor Panel. The members of the Panel must be made up wholly, or with a majority, of independent members, as defined by the Act. Independent members for this purpose are independent appointees. This excludes current and former Members (or officers) and their close families and friends. This means that Members would not have a majority input into assessing bids and choosing which firm of accountants to award a contract to for the Council's external audit.

6.3 Setting up an auditor panel would allow the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

6.4 However, recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract was estimated by the LGA, at the time of the first appointing period, to cost in the order of £0.015m plus on-going expenses and allowances.

6.5 Furthermore, the Council would not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.

6.6 The assessment of bids and decision on awarding contracts would be taken by independent appointees and not solely by Members.

Option 3 - Set up a Joint Auditor Panel/Local Joint Procurement Arrangements

6.7 The Act enables the Council to join with other authorities to establish a Joint Auditor Panel. Again, this would need to be constituted wholly, or with a majority of, independent appointees. Further legal advice would be required on the exact constitution of such a Panel, having regard to the obligations of each council under the Act. The Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

6.8 The costs of setting up the Panel, running the bidding exercise and negotiating the contract would be shared across a number of authorities but this is unlikely to be to the same extent as would be available through opt-in to the sector-led body, the PSAA.

6.9 There would be greater opportunity for negotiating some economies of scale by being able to offer a larger, combined contract value to the firms.

6.10 The decision-making body would be further removed from being concerned with the Council's interests.

6.11 The choice of external auditor could be complicated where individual councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for that council. Where this occurs, some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the Panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

7. Implications

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

8. Background Papers

8.1 Finance papers are held electronically by Financial Strategy, Financial Management & Strategy, Finance & ICT, County Hall.

9. Appendices

9.1 Appendix 1 – Relevant implications considered in the preparation of the report.

9.2 Appendix 2 – PSAA Form of Notice of Acceptance.

10. Recommendations

10.1 That Council:

- Notes the details of the requirement for the Council to procure a new external auditor for the audit of the Council's accounts for 2023-24 and the four years thereafter.

- Notes the options available in respect of how to make the appointment and Audit Committee’s recommendation that they support the preferred option of opting-in to the sector-led body, Public Sector Audit Appointments (PSAA), to undertake the procurement on behalf of the Council.
- Approves that the Council becomes an opted-in authority, a decision which must be made by Full Council before 11 March 2022, which is the closing date to give notice to PSAA of the Council’s acceptance of its invitation to participate in a sector-led approach to procurement.
- Notes the recent Government Letter on Local Audit Arrangements, which instructs PSAA to progress its proposed procurement strategy for the next round of local audit contracts from 2023-24.

11. Reasons for Recommendations

11.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has. Opting-in to the sector-led appointment of external auditors for the five-year appointing period commencing 1 April 2023 should achieve this by offering:

- Value for money - based on minimising PSAA costs, with distribution of any surpluses to scheme members.
- Collective efficiency savings - for the sector, through undertaking one major procurement, as opposed to many smaller procurements.
- Avoidance of the necessity for local bodies to establish an auditor panel and undertake an auditor procurement - enabling time and resources to be deployed on other pressing priorities.

11.2 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. Opting-in to the sector-led appointment of external auditors for the five-year appointing period commencing 1 April 2023 should achieve this by offering:

- Transparent and independent auditor appointment via a third party.
- The best opportunity to secure the appointment of a qualified, registered auditor.
- Appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency.
- On-going management of any independence issues which may arise.

- Access to a specialist PSAA team with significant experience of working within the context of the relevant regulations, to appoint auditors, manage contracts with audit firms, and set and determine audit fees.

11.3 Audit Committee has recommended the preferred option of opting-in to the sector-led body, Public Sector Audit Appointments (PSAA), to undertake the procurement on behalf of the Council.

11.4 The decision to become an opted-in authority must be made by Full Council before 11 March 2022.

Report Author:
Eleanor Scriven

Contact details:
Eleanor.Scriven@derbyshire.gov.uk

This report has been approved by the following officers:

On behalf of: Executive Director, Corporate Services and Transformation (S151 Officer) Director of Legal Services and Monitoring Officer Managing Director	

Appendix 1

Implications

Financial

1.1 Under the preferred option set out in the report, opting-in to PSAA, the sector-led body, PSAA would consult on scale fees for the audit of the Council's 2023-24 accounts, and for the four years thereafter, once the bodies who have opted-in are finalised. The Council's external audit fee for 2020-21 is £0.097m, with a fee of £0.028m for the Pension Fund.

1.2 Additional fees for the 2019-20 audit, billed by an agreed fee variation, were £0.018m for the Council and £0.009m for the Pension Fund. Fee variations are determined in accordance with Section 17(2) of the Local Audit (Appointing Person) Regulations. This provides for additional fees to be charged where in PSAA's view, on the basis of information provided by the local auditor it has appointed, the work involved in a particular audit was substantially more than that envisaged by the scale fee set. Any additional fees for the 2020-21 audit will not be discussed or agreed until after the audit is completed. PSAA has published research into providing national guidance on agreeing fee variations for 2020-21 audits.

1.3 PSAA operates on a not-for-profit basis. The revenue it receives must cover the cost of auditors and its operating expenses. PSAA paid out surplus funds rebates to opted-in bodies, in proportion to their scale audit fees, in 2019 and 2021. The Council's 2021 rebate was £0.019m, with a rebate of £0.004m for the Pension Fund.

1.4 Total audit fees, including additional audit fees, have reduced over a number of years, as a result of the Council opting into the previous national procurement, when PSAA was established, and before that the procurement by its predecessor, the Audit Commission.

Legal

2.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.

Appendix 1

2.2 Section 12 makes provision for the failure to appoint a local auditor. In this event the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the to any authority.

2.3 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

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

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

7.1 None.

Appendix 2

PSAA Form of Notice of Acceptance

Appointing Period 2023-24 to 2027-28
Form of notice of acceptance of the invitation to opt in
(Please use the details and text below to submit to PSAA your body's formal notice of acceptance of the invitation to opt into the appointing person arrangements from 2023)

Email to: ap2@psaa.co.uk

Subject: **Derbyshire County Council**
Notice of acceptance of the invitation to become an opted-in authority

This e-mail is notice of the acceptance of your invitation dated 22 September 2021 to become an opted-in authority for the audit years 2023-24 to 2027-28 for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that **Derbyshire County Council** has made the decision to accept your invitation to become an opted-in authority in accordance with the decision making requirements of the Regulations, and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: **[insert name of signatory]**
Title: **[insert role of signatory]** (authorised officer)
For and on behalf of: **Derbyshire County Council**
Date: **[insert date completed]**

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

WEDNESDAY, 2 FEBRUARY 2022

Report of the Interim Executive (s151 Officer) Corporate Services and Transformation

Derbyshire Pension Board

1. Purpose

1.1 To seek approval for the appointment of a new member of Derbyshire Pension Board (the Pension Board/the Board).

2. Information and Analysis

2.1 The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, introduced a requirement for administering authorities of local government pension funds to establish local pension boards as part of an enhanced governance structure for the Local Government Pension Scheme (LGPS).

Pension boards were introduced to assist administering authorities to secure compliance with pension legislation and to ensure the effective and efficient governance and administration of the LGPS. Derbyshire County Council is the administering authority of Derbyshire Pension Fund (Pension Fund/the Fund).

In April 2015, Council approved the establishment of Derbyshire Pension Board and its inaugural terms of reference. Council has subsequently reviewed the operation of the Board, extended Board terms of membership, approved Board appointments and approved updated terms of reference which are attached as Appendix 2.

The Board has successfully supported the Pensions and Investments Committee in discharging the Council's statutory functions under the LGPS Regulations and associated pension legislation related to the Fund. The Board has also encouraged the administering authority in its drive to adopt best practice in relation to the governance and administration of the Pension Fund.

The Board is made up of two member representatives and two employer representatives, together with an independent Chair.

2.2 Following previous Council approvals of Board appointments, the member and the employer representatives of the Board were as follows:

Role	Name	Start Date	Term	Expiry
Member Rep	Karen Gurney	June 2019	4 Years	June 2023
Member Rep	Nick Read	June 2018	4 Years	June 2022
Employer Rep	O Fishburn	May 2019	4 Years	Sept 2023
Employer Re	N Calvert	Sept 2018	4 Years	Sept 2022

Neil Calvert stepped down from the Board in October 2021 when his association with the University of Derby, one of the Fund's scheme employers, ended. Mr Calvert made a very positive contribution to the governance of the Pension Fund during his tenure on the Board and fellow Board members and officers of the Fund would like to note their thanks for his contribution.

2.3 A recruitment process has been undertaken for a new employer representative for the Board which involved writing to all of the Fund's employers informing them about the vacancy, advertising the position on the Fund's website and inviting expressions of interest, with a reminder about the vacancy being included in the Fund's end of October newsletter to employers. A further email was sent to employers following an extension of the deadline for expressions of interest to ensure that all employers had the opportunity to put forward a candidate.

The Fund received one expression of interest for the role which is supported by the candidate's employer. The Chair of the Board, a fellow Board member, and an officer of the Fund had a positive meeting with the candidate, Susan Ambler, and recommend her for the position of employer representative.

Mrs Ambler is the Deputy Director of Finance at the University of Derby (the University), which is the Fund's third biggest employer in terms of active membership, and has worked for the University for 18 years in a variety of finance and people leadership roles; this has involved dealing with the Local Government Pension Scheme and the Teachers' Pension Scheme.

It is proposed that Susan Ambler is appointed to the Board as an employer representative for a term of four years.

3. Implications

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

4. Background Papers

4.1 Background papers are held by the Head of Pension Fund:

- Correspondence with the Fund's employers regarding the vacant position on the Board
- Expression of interest from Susan Ambler

5. Appendices

5.1 Appendix 1 – Implications
5.2 Appendix 2 – Derbyshire Pension Board Terms of Reference

6 Recommendation(s)

That Council:

Approves the appointment of Susan Ambler as an employer representative on Derbyshire Pension Board for a term of four years.

7 Reasons for Recommendation(s)

7.1 To ensure that the appropriate employer representation is in place on Derbyshire Pension Board.

Report Author:	**Dawn Kinley**	**Contact details:**	**dawn.kinley@derbyshire.gov.uk**

Appendix 1

Implications

Financial

1.1 None

Legal

2.1 Regulation 105(2) of the Local Government Pension Scheme Regulations allows an administering authority to delegate any function under those Regulations. An administering authority is also required under Regulation 109 to 'have regard' to guidance issued by the Secretary of State in relation to local pension boards. Under government guidance issued in 2015 when Pension Boards were first established, the administering authority has to consider carefully the establishment of its local pension board and the appointment of its members. The guidance indicates that this should be a function undertaken by the administering authority (i.e. full council) rather than delegated to a committee or officers.

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

Derbyshire
Pension
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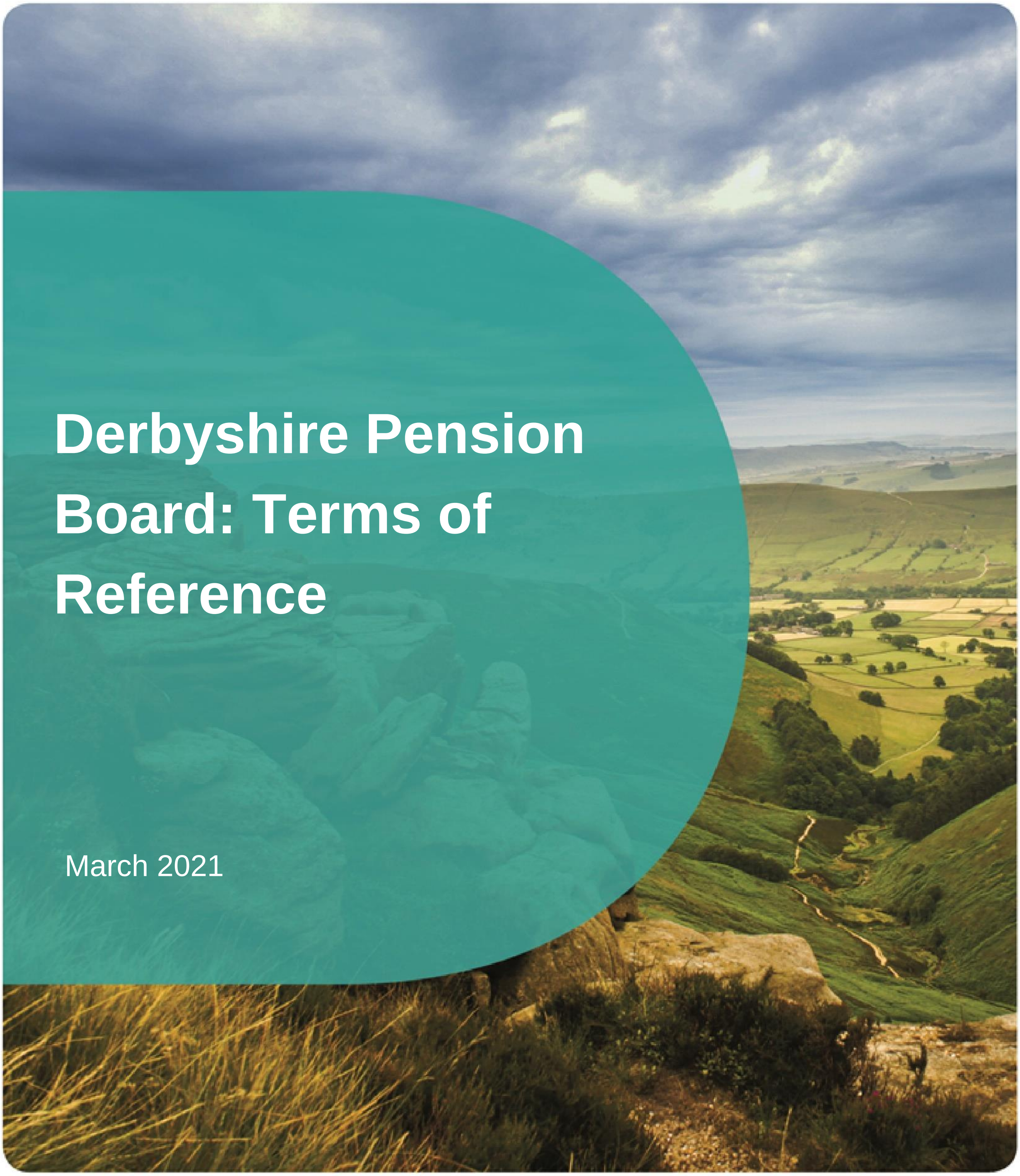

Derbyshire Pension Board: Terms of Reference

March 2021

County Hall, Matlock, Derbyshire, DE4 3AH
Administered by Derbyshire County Council

lgps

Contents

1. Introduction

This document sets out the terms of reference for the Derbyshire Pension Board (the Board). The Board will exercise all its powers and duties in accordance with the law and (subject to that), these Terms of Reference.

Derbyshire County Council (the Council) is required to maintain a local pension board to assist the Council in its role as the administering authority of Derbyshire Pension Fund, part of the Local Government Pension Scheme (the LGPS).

The Board was set up in 2015, in accordance with the requirements of Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 (2013 LGPS Regulations). Regulation 106 was published in January 2015 as part of the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

The Board operates independently of the Council's Pensions and Investments Committee (the Committee) which is responsible for the management and administration of the Fund on behalf of the Council.

The role of the Board is to support the Committee in discharging the Council's statutory functions under the Local Government Pension Scheme Regulations and associated pension legislation in relation to the Fund.

The Local Government Pension Scheme (LGPS) Regulations refer to Scheme Managers of LGPS funds; Derbyshire County Council is the Scheme Manager of Derbyshire Pension Fund.

2. Functions of the Board

The function of the Board as set out in Regulation 106 of the 2013 LGPS Regulations is to assist the administering authority:

(a) to secure compliance with:

- the 2013 LGPS Regulations
- any other legislation relating to the governance and administration of the LGPS and any connected scheme
- any requirements imposed by the Pensions Regulator in relation to the LGPS and any connected scheme

(b) to ensure the effective and efficient governance and administration of the Scheme and any connected scheme

The Council considers that assisting the administering authority means providing oversight of the matters listed above; accordingly, the Board may make recommendations to the Committee to assist in the management of the Fund. The oversight of the Fund's governance is considered to include oversight of the governance of funding and investment matters.

The Board may determine the areas of compliance, governance and administration in relation to the management of the Fund that it wishes to consider; it will also undertake work requested by the administering authority in relation to the management of the Fund.

Under the 2013 LGPS Regulations, the Board also has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

In order to carry out their role effectively, members of the Board are entitled to attend all parts of Pensions and Investments Committee meetings, including the part of the meeting when items covered by exempt/confidential information procedures under the Local Government Act 1972 are considered.

The Board will provide recommendations to the Committee with respect to governance documents and procedures it has reviewed to assist the Committee with its decision making.

3. Composition of the Board

Membership

The Board shall consist of four voting Board Members, as follows:

- two Member Representatives; and
- two Employer Representatives.

There shall be an equal number of Member and Employer Representatives.

Member Representatives

Member Representatives shall either be members of the Fund or have the capacity to represent such members.

All active, deferred and pensioner scheme members will be invited, via the Fund's website, to submit applications to join the Board. A selection process will be carried out by the administering authority in conjunction with the Chair of the Board to appoint the Member Representatives.

Member Representatives should be able to demonstrate their capacity to attend, and complete the necessary preparation for, meetings and participate in training as required.

Employer Representatives

Employer Representatives shall be officers or elected members of employers of the Fund or have the capacity to represent employers of the Fund.

No officer or elected member of the Council who is responsible for the discharge of any function under the LGPS Regulations (other than functions required of duly-appointed members of the Board) may be a member of the Board.

All of the Fund's employers will be invited to nominate one representative to represent employers on the Board. A selection process will be carried out by the administering authority in conjunction with the Chair of the Board to appoint the Employer Representatives.

Employer Representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

Chair of the Board

The Council may appoint one Independent Member who, if appointed, shall be the Chair and shall not be entitled to vote. The Independent Member must be neither an Employer nor a Member Representative.

Where the Council does not appoint an Independent Chair, the office of Chair must be filled alternately from municipal year to year by an Employer Representative and a Member Representative.

The Chair of the Board shall:

- ensure that the Board carries out the functions set out in these Terms of Reference
- develop a work plan for the Board in conjunction with officers of the Council
- determine the agenda for meetings of the Board in conjunction with officers of the Council
- ensure that meetings of the Board are productive and effective, and that opportunity is provided for the views of all Board members to be expressed and considered
- prepare a draft Annual Pension Board Report in conjunction with officers of the Council, for consideration by the Board

The decision of the Chair on all points of procedure and order shall be final.

Term of Office – Chair

Any Independent Representative's term of office will be determined by separate terms agreed by the Scheme Manager and will be subject to ongoing review as defined in those terms.

Terms of Office – Employer and Member Representatives

Employer and Member Representatives are appointed for a period of four years. Former or existing members of the Board may be reappointed for further terms following a selection process.

An employer representative appointment will automatically cease if the individual is no longer in the employment of that employer or no longer an elected member of that employer.

An appointment will automatically cease if:

- a Board Member no longer meets the eligibility criteria
- a Board Member has a conflict of interest which, in the opinion of the Council, cannot be managed in accordance with the Pension Fund's Conflicts of Interest Policy
- a Board Member wishes to resign and has given one month's notice in writing to the Council (Director of Legal Services).

If a Board Member fails, without reasonable excuse, to attend meetings or otherwise comply with the requirements of being a Board Member, for example fails to attend the necessary knowledge and understanding training, then the tenure of membership will be reviewed by the other Board Members in liaison with the Council.

4. Decision making, administration and reporting

Notice of Meetings, Agendas and Minutes

The Scheme Manager shall agree the agenda of each Pension Board meeting with the Chair of the Board and shall give notice to all Board Members of every meeting of the Board, ensuring that all meeting papers are circulated to Board members at least 5 working days prior to each meeting. Additional items may be added to the agenda at a later date with the consent of the Chair. Minutes of Board meetings shall be circulated to the Chair of the Board for draft approval within 10 working days and then circulated to the remaining Board members for formal approval at the following Board meeting.

Location and Timing of meetings

The Board shall as a minimum meet twice each municipal year. The meetings shall normally be held at County Hall in Matlock but can be held virtually if appropriate.

Quorum and Appointment of Proxies

A meeting of the Board is quorate when at least one Member Representative and one Employer Representative and, if appointed, the Independent Chair are present.

If the Independent Chair is unable to attend the meeting, the meeting will be quorate when at least three other members of the Board are present. In these circumstances, the other members of the Board will appoint one of their number to chair the meeting. The member chairing the meeting in this circumstance will retain his or her right to vote.

All members of the Board are expected to attend meetings regularly and records of attendance of all members will be maintained. If for any reason a Board Member cannot attend a Board meeting, he or she is not permitted to send a proxy or substitute in his or her place to attend and vote at the meeting.

Voting and Decision-making

A decision will require the approval of a majority of Board Members present at the meeting.

An Independent Member does not have a voting right.

5. Budget

The Board will be provided with adequate resources to fulfil its role.

Fees

Payments to any Independent Member will be in accordance with the terms of their contract.

It is anticipated that the employers of representatives on the Pension Board will allow their employees time off to allow the representatives to perform the role within their normal working day.

Expenses

The expenses of Board members shall be in accordance with the Council's normal policies and the expenses of the Board shall be met from the Fund.

6. Standards of conduct & conflicts of interest

The members of the Board shall always act within the relevant legislative and regulatory requirements and, subject to these, within these Terms of Reference and in accordance with the Council's Code of Conduct for Members which is consistent with the 'Seven Principles of Public Life' (known as the Nolan Principles) and the Pension Fund's Conflict of Interest Policy.

Though members of the Board include representatives of specific categories of stakeholder (i.e. scheme members and employers) each Board member is required to have due regard to the role of the Board as outlined in these Terms of Reference. Accordingly, all members are expected to work jointly with the key purpose of oversight of the management of the Scheme, putting aside any individual views of any stakeholders. This should not prevent Board members from sharing their knowledge on how matters might impact on specific stakeholders of the Scheme.

The Board must be satisfied that it is acting in accordance with the relevant legislative and regulatory requirements and (so far as practicable) also within:

- the conflicts of interest requirements of the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations
- in the spirit of any national guidance or Code of Practice in relation to conflicts of interest
- the Pension Fund's Conflict of Interest Policy

Each member of the Board, or a person proposed to be appointed to the Board, (as well as attendees participating in the meeting) must provide the Council with such information as is required for the purposes of demonstrating that there is no conflict of interest or that any conflict can be managed appropriately

7. Knowledge & skills

In accordance with the Public Service Pensions Act 2013 and The Pensions Regulator's Code of Practice No. 14 there is a requirement for members of the Board to have knowledge and understanding of the following areas:

- The LGPS rules e.g. eligibility for the scheme and scheme benefits
- Documented administration policies
- The law relating to pensions so far as relevant to the Fund

Pension Board members' breath of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given.

The Fund has developed a Training Policy to support members of the Pensions and Investments Committee and the Board, and senior officers in performing and developing personally in their individual roles, with the aim of ensuring that the Fund is managed by individuals who have the appropriate levels of knowledge and skills.

Members of the Board are required to comply with the Fund's Training Policy.

8. Communication & reporting

One of the Fund's core objectives is to deliver clear, timely and relevant communications to all stakeholders. The Board shall ensure that the following up to date information is included on the Fund's website:

- The names of Board Members
- A Board email contact address
- The role of the Board as set out in these Terms of Reference
- How scheme members and employers are represented on the Board
- These Terms of Reference
- A summary of business covered at Board meetings
- The Board's Annual Report

The Board's Annual Report, detailing the activities of the Board over the previous year, will be published as part of the Pension Fund Annual Report which is reported to the Pensions & Investments Committee ahead of publication. The Board's Annual Report will also include:

- board attendance
- membership and training details
- any declared conflicts of interest
- the cost of running the Board
- the work plan for the year ahead

The Board will be accountable to report under the relevant provisions of the Pensions Act 2004, the 2013 LGPS Regulations and other relevant LGPS Regulations.

Any recommendations or concerns should be reported, in the first instance, to the Chair of the Committee. Where the Board is concerned that any recommendations or concerns have not been properly dealt with by the Committee, the matter should be escalated to the Council's Monitoring Officer and / or the Section 151 Officer (as appropriate).

If despite having followed these internal escalation routes, the Board has remaining concerns, they should be reported to the appropriate external body (e.g. the LGPS Scheme Advisory Board or the Pensions Regulator).

In addition to developing the Board's Annual Report, the Board shall prepare a report for Committee on its activities part-way through the year. When circumstances permit, the Chair of the Board shall meet with the Chair of the Committee at least once a year to discuss Board / Committee matters.

9. Review

These Terms of Reference shall be reviewed on each material change to the legislation covering local pension boards and at least every three years.

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Report of the Director of Legal & Democratic Services and Monitoring Officer

Revisions to Council Constitution: Review of Council Procedure Rules

1. Purpose

1.1 To seek approval for proposed amendments to the Council Procedure Rules for inclusion in the Constitution.

2. Information and Analysis

2.1 It is a statutory duty under Section 9P of the Local Government Act 2000 for the Council to maintain and keep its Constitution up to date.

2.2 The Council has the power to make Standing Orders for the regulation of their proceedings and business and may vary or revoke any such orders under para 42 of Schedule 12 to the Local Government Act 1972. There is no prescribed form for the Standing Orders, but there are certain provisions specified in legislation that the Standing Orders must comply with. These are set out in the Legal Implications section in Appendix 1.

2.3 The Council's Standing Orders (known as the Council Procedure Rules) have been subject to a detailed review by the Director of Legal and Democratic Services in conjunction with the Chairman of the Council in order to ensure the smooth running of council business and that the procedures at council meetings are effective and efficient. Following the review, revised Council Procedure Rules were drafted and presented to the Governance, Ethics and Standards Committee on 18 January 2022 for agreement and referral to Council for approval. The Committee agreed the revised Rules subject to the additional amendments set out in paragraph 2.5 below. The main amendments originally presented to the Committee are as follows:

a) To re-order the order of business at meetings to enable items for which third parties are in attendance can be dealt with early in the meeting and ensure officer reports which require a formal decision are considered prior to expiry of the 3 hour time limit.
b) To enable the order of business to be changed where required.
c) To reflect the legislative provisions relating to the calling of extraordinary meetings.
d) To limit the scope of motions so that they align with the provisions regarding questions and to limit the number to 1 per Member per meeting.
e) To ensure that questions and Motions can be rejected if seeking to require Council to act in a way that is outside of its powers or otherwise unlawful.
f) To clearly list the circumstances in which a notice of motion is not required.
g) To require notice of questions by Members and the public to be given 10 days prior to the meeting to enable the question to be included in the agenda for the meeting so as to aid openness and transparency.
h) To enable a question to be put to another Member if the Member to which it is directed is not in attendance at the meeting.
i) To introduce a 30 minute time restriction on dealing with questions from Members, that may be extended by the Chair.
j) To reduce the word limit for questions from 200 to 150 words to ensure questions are succinct and focussed.
k) To clarify the rules of debate, in particular where a Member wishes to amend or withdraw a motion and what constitutes a valid amendment to a motion.
l) To reflect the fact that the Monitoring Officer has delegated authority to grant dispensations in certain circumstances.
m) To update the provisions on substitutes. Council is responsible for appointing members of Committees (including substitute members). The proposed wording will enable effective substitutes without the need to include a list of the names of all substitutes at the AGM.
n) To make it clear that individuals are unable to record and report on meetings where exempt or confidential business is being considered.

o) To ensure consistency in terminology.
p) To re-order the Standing Orders generally so that they are clearer and more easily understood.

2.4 The additional amendments agreed by Committee are as follows:

a) To add clarification that a reasonable period of time should elapse before adjourning a meeting that is not quorate to enable Members to join the meeting.
b) To add the ability for a Member to withdraw a question.
c) To ensure that a written response to a question should be sent out as soon as reasonably practicable after the Council Meeting and in any event within ten days.
d) To tidy up the remaining inconsistencies in terminology and formatting and address any further drafting points.

2.5 The proposed Council Procedure Rules at Appendix 2 have been updated to incorporate the amendments agreed by the Committee. For ease of comparison, a copy of the current Council Procedure Rules appear at Appendix 3 for information.

2.6 It is proposed that Council agrees the proposed Council Procedure Rules as set out in Appendix 2 to this report for inclusion in the Constitution. As set out in the legal implications section in Appendix 1, by reason of Rule 19.3 of the current Council Procedure Rules, the proposed amendments to the Council Procedure Rules cannot be approved by Council at the first meeting on 2 February and will be adjourned to the next ordinary meeting scheduled for 23 March 2022.

3. Alternative Options Considered

3.1 Do nothing – this option is not appropriate as it will not ensure that the Council Procedure Rules are kept up to date and fit for purpose.

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 None identified.

7. Appendices

7.1 Appendix 1 – Implications.
7.2 Appendix 2 – Proposed Council Procedure Rules.
7.3 Appendix 3 – Current Council Procedure Rules.

8. Recommendations

That Council approves the Council Procedure Rules as set out in Appendix 2 to this report for inclusion in the Constitution.

9. Reasons for Recommendations

9.1 To ensure effective and efficient procedures at council meetings.

9.2 To comply with legislative requirements and ensure the Council's Constitution is kept up to date and fit for purpose.

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Appendix 1

<u>Implications</u>

Financial

1.1 None.

Legal

2.1 The Council is required to prepare and keep up to date its Constitution as set out in Section 9P of the Local Government Act 2000 as amended. Approval by full Council of the recommendations in this report will enable the compliance with this duty.

2.2 Schedule 12 to the Local Government Act 1972 includes a number of statutory provisions the Council's Standing Orders must comply with:-

- the Council must hold an annual meeting. The annual meeting must be held between 8 and 21 days after the retirement of councillors in an election year, and in March to May in other years;
- the Chairman can call an extraordinary meeting at any time. Any five members can requisition an extraordinary meeting if the Chairman fails to do so;
- the quorum for a meeting is one quarter of the membership;
- decisions are to be made by simple majority voting, with a casting vote to the Chairman;
- the names of members at a meeting must be recorded; and
- minutes must be recorded in a book and signed at the next suitable meeting.

2.3 Sections 20 of the Local Government and Housing Act 1989 empower the Secretary of State to make regulations requiring Councils to adopt certain procedural standing orders. The Secretary of State has exercised this power to make the:

i. Local Authorities (Standing Orders) Regulations 1993, which require the adoption of standing orders concerning:-

(a) recorded votes; and
(b) the signing of minutes of an extraordinary meeting

ii. Local Authorities (Standing Orders) (England) Regulations 200, which require the adoption of a standing order concerning recording of votes taken at a budget decision meeting.

2.4 The proposed Council Procedure Rules comply with these legislative requirements.

2.5 Article 22 of the Constitution makes it clear that changes to the Constitution will only be approved by the full Council after consideration of the proposal by the Governance Ethics & Standards Committee. The changes were considered by Governance, Ethics and Standards Committee on 18 January 2002 and therefore this constitutional requirement is discharged.

2.6 The current version of the Council Procedure Rules include the following provision:

"*19.* ***Suspension and Variation***
19.3 Any motion to add to, vary or revoke any Standing Order, shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council."

As a result the proposed amendments to the Council Procedure Rules cannot be approved by Council at the first meeting and will be adjourned to the next ordinary meeting.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 This report links to the Council Priority of 'High Performing Value for Money and Resident Focused Services'. The changes proposed will enable efficient and effective functioning of Council meetings.

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

7.1 None.

Appendix 3 - Council Procedure Rules

STANDING ORDERS OF THE COUNTY COUNCIL

1. **Annual Meeting**

1.1 The Annual Meeting of Council will be held at 2.00 pm on the third or fourth Wednesday in May each year, as Council may decide.

1.2 The election of the Chairman of the Council shall be the first item of business at the Annual Meeting of Council.

2. **General Meetings**

2.1 Ordinary Council Meetings will take place in accordance with the programme of meetings decided at the Annual Meeting of Council. All meetings will be held at County Hall, Matlock, commencing at 2 pm or such other suitable time and venue agreed by the Chairman.

2.2 The Chairman may cancel a scheduled Council Meeting due to lack of business or in exceptional circumstances after consultation with the Leader of the Council and the Leader of the Main Minority Group.

3. **Extraordinary meetings**

3.1 An extraordinary Council Meeting may be called by:

(a) the Council by resolution;
(b) the Chairman at any time;
(c) the Head of Paid Service, Chief Finance Officer or Monitoring Officer; or
(d) any five members of council if they have signed a requisition presented to the Chairman and the Chairman has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

3.2 The agenda for an extraordinary meeting will specify the matters that the meeting will deal with. Petitions and questions will be accepted only if they relate to the business for which the extraordinary meeting has been arranged.

4. **Order of business at ordinary meetings**

4.1 The order of business at the Council Meeting will be as follows:

(a) If necessary, the appointment of a chair for the meeting in the absence of the Chairman of the Council
(b) Apologies
(c) Declarations of interests
(d) Chairman's announcements
(e) Minutes of the previous meeting
(f) Presentations
(g) Report of the Leader of the Council and Members' Questions on the report
(h) Questions submitted by the public
(i) Petitions
(j) Reports of officers, with items for decision taken first and items for noting second
(k) Questions submitted by Members
(l) Motions

4.2 Business falling within items (e) to (l) may be varied:-

(a) By the Chairman at their discretion; or
(b) By a resolution duly moved and seconded which shall be put without discussion.

5. **Quorum and Record of Attendances**

5.1 If there are not at least 16 Members present, the Chairman will adjourn the meeting to a specified time and date. If there are fewer than 16 Members present the start time for the meeting specified in the Summons, the Chairman will allow a reasonable period of time to elapse to enable other Members to attend before adjourning the meeting.

5.2 The names of the Members present at the meeting shall be recorded.

6. **Duration of Meeting**

6.1 Unless the majority of Members present vote for the meeting to continue, any meeting that has lasted for three hours will adjourn without delay. Any remaining business will be considered at the next ordinary Council Meeting or an alternative date and time for a meeting will be arranged.

7. **Minutes**

7.1 No discussion will take place upon the minutes of the Council except upon their accuracy.

7.2 The Chairman will sign the minutes of the proceedings at the next suitable meeting.

7.3 Where in relation to any meeting of the Authority the next such meeting is a meeting called under paragraph 3 (Extra-Ordinary Meetings) of Schedule 12 of the Local Government Act 1972, the next following meeting of the Authority (being a meeting called otherwise than under that paragraph) shall be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) (Signing of Minutes) of that schedule.

8. **Questions by Members on the Report of the Leader of the Council**

8.1 A Member may ask the Leader of the Council a question directly arising from the content of the report.

8.2 A Member asking a question under this Standing Order may ask one supplementary question which must arise directly out of the original question or reply.

9. **Questions by the Public**

9.1 Members of the public who are on the register of electors, or are tax payers or non-domestic tax payers in the County of Derbyshire, may ask questions of Cabinet Members at ordinary Council Meetings.

9.2 A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the Director of Legal and Democratic Services no later than 12 noon at least 10 working days before the Council Meeting (i.e. on a Wednesday 2 weeks before a Council meeting on a Wednesday). Late questions may be asked provided they relate to a report on the agenda and could not have been put before publication of the agenda and notice has been given by delivering it in writing or by electronic email to the Director of Legal and Democratic Services no later than 12 noon at least three working days before the Council Meeting (i.e. on a Friday when Council meets on the following Wednesday). The notice must give the name and address of the questioner and the name of the Cabinet Member to whom the question is to be put.

9.3 At any one Council Meeting no person may submit more than one question, and no more than one such question may be asked on behalf of one organisation.

9.4 The Director of Legal and Democratic Services may reject a question if it:

- exceeds 150 words in length;
- is not about a matter for which the Council has a responsibility, or which affects Derbyshire;
- asks Council to act in a way that is ultra vires (outside its powers), unlawful or illegal;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a Council Meeting in the past six months; or
- requires the disclosure of confidential or exempt information.

9.5 Questions for which 10 working days' notice has been given and have not been rejected will be listed in the agenda in the order in which they were received. Questions will be asked in the order notice of them was received, except that the Chairman may group together similar questions.

9.6 The Chairman will invite the questioner to put the question to the Cabinet Member named in the notice. If the questioner who has submitted a written question is unable to be present, they may ask the Chairman to put the question on their behalf. In the absence of the questioner, the Chairman may ask the question on the questioner's behalf, indicate that a written reply will be given, or decide that the question will not be dealt with.

9.7 If the Cabinet Member to whom the question is asked is unable to be present, the Chairman may put the question to another Cabinet Member or indicate that a written reply will be given.

9.8 A questioner who has put a question in person may also put one supplementary question without notice to the Cabinet Member who has replied to their original question. A supplementary question must arise directly out of the original question or the reply and may be rejected by the Chairman on any of the grounds in Standing Order 9.4.

9.9 The maximum period of time for questions by the public at a Council Meeting shall be 30 minutes. This period may be extended at the discretion of the Chairman. Any questions not answered at the end of the time allocated for questions by the public will be answered in writing.

9.10 The Director of Legal and Democratic Services will keep a record, open to public inspection, of all public questions received and will immediately send a copy of the question to the Member to whom it is to be put. Rejected questions will include reasons for the rejection. Copies of all late questions that could not be listed in the agenda will be circulated to all Members and will be made available to the public attending the meeting. The Director of Legal and Democratic Services will be responsible for sending to the questioner a copy of the answer provided at the Council Meeting as soon as practicable after the meeting.

9.11 Where a written response is to be given to a question, the response shall be sent to the questioner as soon as reasonably practicable after the Council Meeting, but in any event within 10 days.

10. **Petitions**

10.1 Any petition signed by 100 or more members of the public and not received to be dealt with under a procedure regulated by law, shall be dealt with in accordance with the Council's Petition Scheme.

11. **Questions by Members**

11.1 After giving notice in writing or by electronic email to the Director of Legal and Democratic Services by 12 noon at least 10 working days before the Council Meeting (i.e. on a Wednesday 2 weeks before a Council meeting on a Wednesday), a Member may ask the Chairman, a Cabinet Member or the Chairman of any Committee or Sub-Committee a question on any matter in relation to which the Council has powers or duties or which directly affects Derbyshire.

11.2 A Member may ask the nominated representative of the Derbyshire Fire Authority a question on the discharge of the functions of the Authority. Notice in writing or by electronic email of any such questions must first be given to the Director of Legal and Democratic Services by 12 noon at least 10 working days before the Council Meeting (i.e. on a Wednesday 2 weeks before a Council meeting on a Wednesday).

11.3 The Director of Legal and Democratic Services may reject a question if it:

- exceeds 150 words in length;

- is not about a matter for which the Council has a responsibility, or which directly affects Derbyshire;
- seeks to asks Council to act in a way that is ultra vires (outside its powers), unlawful or illegal;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a Council Meeting in the past six months; or
- requires the disclosure of confidential or exempt information.

11.4 Questions for which notice has been given and have not been rejected will be listed in the agenda in the order in which they were received. Questions will be asked in the order notice of them was received, unless the Member who gave notice states in writing that they wish to withdraw it, except that the Chairman may group together similar questions.

11.5 If the Member who has submitted a written question is unable to be present, they may ask the Chairman to put the question on their behalf. In the absence of the questioner, the Chairman may ask the question on the questioner's behalf, indicate that a written reply will be given, or decide that the question will not be dealt with.

11.6 If the Member to whom the question is asked is not present at the meeting, the Chairman may put the question to another Cabinet Member or the Vice-Chairman of any Committee or Sub-Committee as appropriate or indicate that a written reply will be given.

11.7 An answer may take the form of:

(a) a direct oral answer;
(b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
(c) where the reply cannot conveniently be given orally, a written answer circulated later to the questions.

11.8 A Member asking a question under this Standing Order may ask one supplementary question without notice to the Member to whom the first question was asked. The supplementary question must arise directly out of the original question or the reply and may be rejected by the Chairman on any of the grounds in Standing Order 11.3.

11.9 The time allocated for questions by Members at each meeting will be 30 minutes. This period may be extended at the discretion of the Chairman. Any questions not answered at the end of the time allocated for questions by Members will be answered in writing.

11.10 Where a written response is to be given to a question, the response shall be sent to the questioner as soon as reasonably practicable after the Council Meeting, but in any event within 10 days.

12. Reference of Question to the Council, Cabinet or a Committee

12.1 Unless the Chairman decides otherwise, no discussion will take place on any question, but any Member may move that a matter raised by a question be referred to the Cabinet or the appropriate Committee or Sub-Committee. Once seconded, such a motion will be voted upon without discussion.

13. Notice of Motion

13.1 Notice of a motion shall be given in writing or by electronic mail by the Member to the Director of Legal and Democratic Services by 12 noon at least 10 working days before the Council Meeting (i.e. on a Wednesday 2 weeks before a Council meetings a Wednesday). The Director of Legal and Democratic Services will record the date of receipt in a book which shall be open to inspection by any person.

13.2 The Director of Legal and Democratic Services may reject a motion if it:

- is not about a matter for which the Council has a responsibility, or which directly affects Derbyshire;
- seeks to require Council to make a decision that is ultra vires (outside its powers), unlawful or illegal;
- is defamatory, frivolous or offensive; or
- is substantially the same as a motion which has been put at a Council Meeting in the past six months.

13.3 A Member may submit a maximum of one notice of motion at a Council Meeting.

13.4 Motions for which notice has been given and have not been rejected will be listed in the agenda in the order in which they were received unless the Member who gave notice states in writing that they wish to withdraw it prior to the publication of the agenda.

14. Motions not requiring notice to be given

14.1 Notice shall not be required for the following Motions:

(a) to appoint a chair of the meeting at which the motion is moved;
(b) in relation to the accuracy of the minutes;

(c) to change the order of business in the agenda;
(d) to refer a matter to an appropriate body or individual;
(e) to appoint the Chairman, Civic Chairman and Vice Civic Chairman for the year, the Leader of the Council, to Committees and Sub-Committees or outside bodies arising from an item on the summons for the meeting;
(f) to receive reports or adoption of recommendations of Cabinet, Committees or officers and any resolutions arising from them;
(g) to withdraw a motion;
(h) to amend a motion;
(i) to proceed to the next business;
(j) that the question be now put;
(k) to adjourn a debate;
(l) to adjourn a meeting;
(m) that the meeting continue beyond three hours;
(n) to suspend a particular Council Procedure Rule;
(o) to exclude the public and press;
(p) that a named Member should not be heard further;
(q) that a named Member should be excluded from the meeting; and
(q) to give the consent of the council where its consent is required by the constitution.

15. **Rules of Debate**

15.1 Members shall stand when speaking and address the Chairman, unless the Chairman otherwise directs.

15.2 Whenever the Chairman rises, any member then standing shall sit and the Council shall be silent.

15.3 If two or more Members wish to speak the Chairman shall call one, ordinarily giving the other(s) a later opportunity to speak.

15.4 No speech may exceed 10 minutes except with the consent of the Chairman.

15.5 A Member may rise on a point of order, or in personal explanation, and shall be entitled to be heard. A point of order shall relate only to an alleged breach of a Standing Order or statutory provision which the Member will specify. A personal explanation shall be confined to a relevant earlier statement which has been misunderstood.

15.6 A motion or amendment shall not be discussed unless it has been proposed and seconded.

15.7 Where a Member has given notice of a motion but does not propose the motion at the Council Meeting, the motion will be treated as withdrawn.

15.8 A Member may alter a motion of which they have given notice with the consent of the Council. The consent of Council will be signified without discussion.

15.9 A Member may alter or withdraw a motion they have proposed with the consent of their seconder and the Council. The consent of Council will be signified without discussion.

15.10 Only alterations which could be made as an amendment to the motion can be made.

15.11 An amendment must be relevant to the motion and can either be to:

i) refer a matter to the Cabinet or a Committee; or
ii) insert, add, alter or leave out words.

An amendment must not:

i) negate or be negative to the motion, or
ii) seek to introduce into the motion a new issue.

15.12 When a motion is under debate no other motion shall be moved except one of the motions specified in Standing Order 14.1.

15.13 A further amendment shall not be moved while an amendment is being considered.

15.14 The mover of the motion has a right of reply at the close of the debate on the motion or on any amendment. The mover of an amendment has the final right to reply at the close of the debate on the amendment. Any other Member may only speak a second time in a debate under Standing Order 15.5 or with the permission of the Chairman.

15.15 If an amendment is not carried, other amendments to the original motion may be moved.

15.16 If an amendment is carried, the motion as amended becomes the substantive motion to which any further amendments may be moved.

15.17 The ruling of the Chairman under this Standing Order shall not be open to discussion.

16. **Closure Motions**

16.1 At the conclusion of a speech of a Member, another Member may move that the question be now put or the meeting or debate be adjourned. If such closure motion is seconded, and the Chairman does not rule that the matter should be discussed further on that occasion, the Chairman shall put to the vote the closure motion. In the case of a debate closed by a motion that the question be now put the right of reply of the mover of the original motion or amendment under Standing Order 15.14 will then be exercisable.

17. **Budget Motions**

17.1 No motion or amendment to propose a precept shall be considered unless it contains sufficient detail within it to justify the precept. In determining whether or not a particular motion or amendment is in order the Chairman shall have regard to:

i) advice of relevant officers;
ii) information available within the motion or amendment concerning proposed reductions or increases in service estimates, or proposed measures which would reduce expenditure or increase income, or the government grant implications of the level of expenditure proposed; and
iii) any other relevant matter.

18. **Voting**

18.1 When a vote is to be taken the Chairman shall call for Members to use the electronic voting and vote recording system, or a show of hands or, if five Members stand, a recorded vote. If there is a recorded vote a record of those voting for and against will be kept and any Member present but not declaring their vote shall be recorded as abstaining.

18.2 Where immediately after a vote is taken at a meeting of a relevant body, if any Member of that body so requires, there shall be recorded in the minutes of the proceedings of that meeting whether that person cast their vote for the question or against the question or whether they abstained from voting.

In this paragraph "relevant body" means the authority, the Cabinet, a Committee or Sub-Committee of the Authority or a relevant joint committee or sub-committee of such a body.

18.3 Immediately after any vote on any decision relating to the making of the calculation or the issuing of the precept is taken at a budget decision meeting there must be recorded in the minutes the names of the persons who cast votes for the decision or against the decision or who abstained from voting.

18.4 Where three or more persons are nominated for any position and there is not a majority in favour of any one person, the person having the least number of votes shall be disregarded and a fresh vote taken and so on until there is a majority in favour of one person.

18.5 If there are equal numbers of votes for or against, the Chairman will have a second or casting vote. There will be no restriction on how the Chairman chooses to exercise a casting vote.

19. **Interests**

19.1 Where any business of the meeting relates to or is likely to relate to:

(a) a Disclosable Pecuniary Interest as described in the Code of Conduct for Members;
(b) a Personal Interest as described in the Code of Conduct for Members; or
(c) any Other Interest as described in the Code of Conduct for Members.

held by a Member, the Member must, at the commencement of the consideration of that item of business, or as soon as the interest becomes apparent, disclose to the meeting the existence and nature of that interest.

19.2 Where a Member discloses an interest, and that interest is a Disclosable Pecuniary Interest, the Member must withdraw from the meeting room where the item of business is being discussed and, unless the Member has been granted a dispensation by the Monitoring Officer or Governance, Ethics and Standards Committee, they may not:

(a) participate in any discussion of the matter at the meeting
(b) vote on the matter at the meeting
(c) continue to deal with that matter.

19.3 Disclosures of interests will be recorded in the minutes of the meeting.

20. **Disorderly Conduct**

20.1 If at a meeting any Member commits misconduct by persistently disregarding the ruling of the Chairman, by behaving irregularly, improperly or offensively or by willfully obstructing the business of the Council, the Chairman or any other Member may move "that the Member named be not further heard" and the motion, if seconded, shall be put and determined without discussion.

20.2 If misconduct by the Member continues the Chairman shall move that the Member named shall be excluded from the meeting and the motion, if seconded, shall be put and determined without discussion.

20.3 If a member of the public interrupts the proceedings at any meeting the Chairman shall warn the person. If the interruption continues the Chairman shall order the person's removal from the meeting. In the case of a general disturbance in any part of a meeting open to the public, the Chairman shall order that part to be cleared.

20.4 The Chairman may, in the event of a disturbance interfering with the orderly dispatch of business, adjourn or suspend a meeting for such period as the Chairman considers appropriate.

21. **Recording and reporting on meetings**

21.1 Members of the public may record and report on meetings which members of the public are allowed to attend. However, oral reporting or oral commentary during meetings is not permitted as this would be disruptive to the good order of the meeting and such conduct would be considered to be disorderly in accordance with Standing Order 20. Where the public are excluded from a meeting, persons present shall not report on the meeting using any means for enabling persons not present to see, hear or receive commentary on proceedings (including filming, photography, audio recording or oral/written commentary) unless the meeting resolves that such reporting can take place.

22. **Committees**

22.1 When appointing a Committee, the Council may also appoint the Chairman and Vice- Chairman, who in each case must be a Member.

22.2 A **substitute** Member may take the place of a Member who is unable to attend a meeting of one of the Committees or Sub-Committees. For each of the Committees and Sub-Committees for the Council, where a member of a Committee is listed as a member of a political group for the purposes of allocating Committee seats, all other eligible members of that political group properly notified to the proper officer who are not appointed members of that Committee or Sub-Committee are appointed as substitute members, save that Cabinet Members cannot be appointed as substitute members of an Improvement and Scrutiny Committee, Audit Committee or Regulatory Planning Committee.

22.3 Such substitute Member, once named by a member of the absent Member's political group, will be accepted onto the Committee with power to speak and vote.

22.4 The substitute Member shall announce at the start of the meeting which member they are substituting for.

22.5 No Member may serve as a substitute on the:

a) Regulatory Planning Committee unless they have undertaken training in accordance with the Code of Good Planning Practice and as may otherwise be required by the Director of Legal & Democratic Services; or
b) Pensions and Investments Committee unless they have undertaken training in line with the Fund's Training Policy.

22.6 The **quorum** of a Committee or Sub-Committee shall be one quarter of the whole number of Members, or two, whichever is the greater number. If a Committee or Sub-Committee is not quorate, the Chairman will adjourn the meeting to a specified time and date. Where the Committee or Sub-Committee is not quorate at the start time for the meeting specified in the Summons, the Chairman will allow a reasonable period of time to elapse to enable other members of the committee to attend before adjourning the meeting.

22.7 The Chairman of a Committee may call a **special meeting** at any time. A quarter of the Members of a Committee may require the Director of Legal and Democratic Services to call a special meeting. The requisition must be in writing or by electronic mail setting out the business to be considered. The special meeting will only consider the business so set out. All meetings of Committees shall be summoned by the Director of Legal and Democratic Services.

22.8 **Information** - A copy of the agenda of every meeting of a Council Committee together with the index of reports of Executive Directors and Directors shall be sent to every Member, in accordance with the Access to Information Rules.

22.9 **Local Members** - With the consent of the Chairman, a Member whose electoral division is directly affected by a matter or who has special knowledge which is relevant, may attend any Committee and may speak (but not vote) on any particular matter.

22.10 **Requests from Members** - The agenda for any Committee shall include consideration of any item requested by a member of the Committee, subject to the Director of Legal and Democratic Services receiving notice in writing or by electronic mail at least 10 working days before the date of the meeting.

23. Application of Standing Orders

23.1 Standing Orders 7 (Minutes), 18 (Voting), 19 (Interests), 20 (Disorderly Conduct), 21 (Recording and Reporting on meetings), 22 (Committees) and 25 (Interpretation) shall apply to meetings of Committees with any necessary adaptation.

24. Suspension and Variation

24.1 Subject to Standing Order 24.2 any of the preceding Standing Orders may be suspended so far as regards any business of the meeting where suspension is moved.

24.2 A motion to suspend Standing Orders shall not be moved without notice unless at least one half of the whole number of the Members of the Council are present.

24.3 Any motion to add to, vary or revoke any Standing Order, shall, when proposed and seconded, stand adjourned without discussion to the next ordinary Council Meeting.

25. Interpretation

25.1 The ruling of the Chairman as to the application and meaning of any Standing Order shall not be challenged.

Appendix 3 - Council Procedure Rules

STANDING ORDERS OF THE COUNTY COUNCIL

1. The Annual Meeting of Council will be held at 2.00 pm on the third or fourth Wednesday in May each year, as Council may decide.

2. **General meetings** of the Council will take place in accordance with the programme of meetings decided at the Council's Annual Meeting. All meetings will be held at County Hall, Matlock, commencing at 2 pm.

   2.1 Members of the public may record and report on meetings which members of the public are allowed to attend. However, oral reporting or oral commentary during meetings is not permitted as this would be disruptive to the good order of the meeting and such conduct would be considered to be disorderly in accordance with Clause 15.

   2.2 The Chairman may cancel a scheduled meeting of the Council due to lack of business or in exceptional circumstances after consultation with the Leader of the Council and the Leader of the Main Minority Group.

3. **Quorum** If there are not at least 16 Members present, the Chairman will adjourn the meeting to a specified time and date.

4. The **order of business** at the Council will be as follows:

   (a) If necessary, the appointment of the Chairman
   (b) Apologies
   (c) Declarations of interests
   (d) Chairman's announcements
   (e) Minutes of the previous meeting
   (f) Report of the Leader of the Council and Members' Questions
   (g) Questions submitted by the public
   (h) Petitions
   (i) Questions submitted by Members
   (j) Reports of officers
   (k) Presentations
   (l) Motions

4.1 Unless the majority of Members present vote for the meeting to continue, any meeting that has lasted for three hours will adjourn without delay. Any remaining business will be considered at the next ordinary meeting of the Council or an alternative date and time for a meeting will be arranged.

5. No discussion will take place upon the **minutes** of the Council except upon their accuracy.

5.1 The Chairman will sign the **Minutes** of the proceedings at the next suitable meeting.

5.2 Where in relation to any meeting of the Authority the next such meeting is a meeting called under paragraph 3 (Extra-Ordinary Meetings) of Schedule 12 of the Local Government Act 1972, the next following meeting of the Authority (being a meeting called otherwise than under that paragraph) shall be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) (Signing of Minutes) of that schedule.

6. **Notice of a motion** shall be given in writing or by email by the Member to the Director of Legal and Democratic Services by 12 noon at least 10 working days before the meeting of the Council. The Director of Legal and Democratic Services will record the date of receipt in a book which shall be open to inspection by any person.

6.1 Motions for which notice has been given will be listed in the agenda in the order in which they were received unless the Member who gave notice states in writing that they wish to withdraw it.

6.2 Motions must be about matters for which the Council has responsibility or which affect its area.

7. **Notice** shall not be required for Motions

(a) Concerning the appointment of the Chairman of the County Council, Civic Chairman of Derbyshire County Council and Vice Civic Chairman of Derbyshire County Council for the year at the meeting, the accuracy of minutes of the Council, the order of business, or

(b) Proposing appointments, or references to decision-making bodies, receipt of minutes and approval of any recommendations, amendments to motions, leave to withdraw motions, adjourning the meeting or exclusion of the public, or

(c) Under Standing Orders 12 (closure of debate), 15 (that a named member be not further heard) or 19 (suspension of Standing Orders).

8. **Questions by Members**

8.1 After giving written notice to the Director of Legal and Democratic Services by 12 noon on the Friday before the Council Meeting, a Member of the Council may ask the Chairman, a member of the Executive or the Chairman of any Committee or Sub-Committee a question on any matter in relation to which the Council has powers or duties or which affects Derbyshire.

8.2 If the Member of the Council who has submitted a written question is unable to be present, he/she may ask the Chairman to put the question on his/her behalf. In the absence of the questioner, the Chairman may ask the question on the questioner's behalf, indicate that a written reply will be given, or decide that the question will not be dealt with.

8.3 An answer may take the form of:

(a) a direct oral answer;

(b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or

(c) Where the reply cannot conveniently be given orally, a written answer circulated later to the questions

8.4 A Member asking a question under this Standing Order may ask one supplementary question without notice of the Member to whom the first question was asked. The supplementary question must arise directly out of the original question or the reply.

8.5 A Member may ask the nominated representative of the Derbyshire Fire Authority a question on the discharge of the functions of the Authority. Written notice of any such questions must first be given to the Director of Legal and Democratic Services by 12noon on the Friday before the Council meeting.

8.6 The Director of Legal and Democratic Services may reject a question if it:

- Exceeds 200 words in length;
- is not about a matter for which the Council has a responsibility, or which affects Derbyshire;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- requires the disclosure of confidential or exempt information.

9A. **Questions by Members on the Report of the Leader of the Council**

(a) A Member of the Council may ask the Leader of the Council a question directly arising from the report.

(b) A Member asking a question under this Standing Order may ask one supplementary question which must arise directly out of the original question or reply.

10. **Questions by the Public**

General

10.1 Members of the public who are on the Derbyshire County Council register of electors, or are Derbyshire County Council tax payers or non-domestic tax payers, may ask questions of members of the Cabinet at ordinary meetings of the Council. The maximum period of time for questions by the public at a Council Meeting shall be 30 minutes.

Order of Questions

10.2 Questions will be asked in the order notice of them was received, except that the Chairman may group together similar questions.

Notice of Questions

10.3 A question may only be asked if notice has been given by delivering it in writing email to the Director of Legal and Democratic Services no later than 12noon three working days before the Council Meeting (ie on a Friday when Council meets on the following Wednesday). The notice must give the name and address of the questioner and the name of the Cabinet Member of the Council to whom the question is to be put.

Number of Questions

10.4 At any one meeting no person may submit more than one question, and no more than one such question may be asked on behalf of one organisation.

Scope of Questions

10.5 The Director of Legal and Democratic Services may reject a question if it:

- Exceeds 200 words in length;

- is not about a matter for which the Council has a responsibility, or which affects Derbyshire;

- is defamatory, frivolous or offensive;

- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or

- requires the disclosure of confidential or exempt information.

Asking the Question at the Meeting

10.6 The Chairman will invite the questioner to put the question to the member named in the notice. If the questioner who has submitted a written question is unable to be present, he/she may ask the Chairman to put the question on his/her behalf. In the absence of the questioner, the Chairman may ask the question on the questioner's behalf, indicate that a written reply will be given, or decide that the question will not be dealt with.

Supplementary Question

10.7 A questioner who has put a question in person may also put one supplementary question without notice to the Cabinet Member who has replied to his/her original question. A supplementary question must arise directly out of the original question or the reply. The Chairman may reject a supplementary question on any of the grounds in Standing Order 10.5 above.

Written Answers

10.8 The time allocated for questions by the public at each meeting will be 30 minutes. This period may be extended at the discretion of the Chairman. Any questions not answered at the end of the time allocated for questions by the public will be answered in writing. Any question that cannot be dealt with during public question time because of the non-attendance of the Cabinet Member to whom it was to be put, will be dealt with by a written answer.

Reference of Question to the Council Cabinet or a Committee

10.9 Unless the Chairman decides otherwise, no discussion will take place on any question, but any Member may move that a matter raised by a question be referred to the Cabinet or the appropriate Committee or Sub-

Committee. Once seconded, such a motion will be voted upon without discussion.

Record of Questions

10.10 The Director of Legal and Democratic Services will keep a record, open to public inspection, of all public questions received and will immediately send a copy of the question to the Member to whom it is to be put. Rejected questions will include reasons for the rejection. Copies of all questions will be circulated to all Members and will be made available to the public attending the meeting. The Director of Legal and Democratic Services will be responsible for sending to the questioner a copy of the answer provided at the Council Meeting as soon as practicable after the Council Meeting.

11. Rules of Debate

11.1 Members shall stand when speaking and address the Chairman.

11.2 Whenever the Chairman rises, any member then standing shall sit and the Council shall be silent.

11.3 If two or more Members wish to speak the Chairman shall call one, ordinarily giving the other(s) a later opportunity to speak.

11.4 A motion or amendment shall not be discussed unless it has been proposed and seconded.

11.5 The proposer of a motion with the consent of the Council may alter the motion.

11.6 When a motion is under debate no other motion shall be moved except one of the motions specified in Standing Order 7.

11.7 No speech may exceed 10 minutes except with the consent of the Chairman.

11.8 A Member may rise on a point of order, or in personal explanation, and shall be entitled to be heard. A point of order shall relate only to an alleged breach of a Standing Order or statutory provision which the Member will specify. A personal explanation shall be confined to a relevant earlier statement which has been misunderstood.

11.9 The mover of the motion has a right of reply at the close of the debate on the motion or on any amendment. Any other Member may only speak a second time in a debate under Standing Order 11.8 or with the permission of the Chairman.

11.10 An amendment shall be relevant to the motion and shall not merely negate or be negative to it:

i) it shall be either to refer a matter to the Cabinet or a committee; or
ii) to insert, add, alter or leave out words in or from the motion. A further amendment shall not be moved while an amendment is being considered.

11.11 The ruling of the Chairman under this Standing Order shall not be open to discussion.

12. **Closure Motions and Budget Motions**

12.1 At the conclusion of a speech of a Member, another Member may move that the question be now put or the meeting or debate be adjourned. If such closure motion is seconded, and the Chairman does not rule that the matter should be discussed further on that occasion, the Chairman shall put to the vote the closure motion. In the case of a debate closed by a motion that the question be now put the right of reply of the mover of the original motion will then be exercisable.

12.2 No motion or amendment to propose a precept shall be considered unless it contains sufficient detail within it to justify the precept moved. In determining whether or not a particular motion or amendment is in order the Chairman shall have regard to:

i) advice of relevant officers;
ii) information available within the motion or amendment concerning proposed reductions or increases in service estimates, or proposed measures which would reduce expenditure or increase income, or the government grant implications of the level of expenditure proposed; and
iii) any other relevant matter.

13. **Voting**

13.1 When a vote is to be taken the Chairman shall call for a show of hands or if five Members stand a recorded vote. If there is a recorded vote a record of those voting for and against will be kept and any Member present but not declaring their vote shall be recorded as abstaining.

13.2 Where immediately after a vote is taken at a meeting of a relevant body, if any Member of that body so requires, there shall be recorded in the minutes of the proceedings of that meeting whether that person cast his or her vote for the question or against the question or whether he or she abstained from voting.

In this paragraph "relevant body" means the authority, the Cabinet, a committee or sub-committee of the Authority or a relevant joint committee or sub-committee of such a body.

13.3 Immediately after any vote on any decision relating to the making of the calculation or the issuing of the precept is taken at a budget decision meeting there must be recorded in the minutes the names of the persons who cast votes for the decision or against the decision or who abstained from voting.

13.4 Where three or more persons are nominated for any position and there is not a majority in favour of any one person, the person having the least number of votes shall be disregarded and a fresh vote taken and so on until there is a majority in favour of one person.

13.5 If there are equal numbers of votes for or against, the Chairman will have a second or casting vote. There will be no restriction on how the Chairman chooses to exercise a casting vote.

14. **Interests**

14.1 Where any business of the meeting relates to or is likely to relate to:

(a) a Disclosable Pecuniary Interest as described at paragraph 4(1) of the Code of Conduct for Members;

(b) a Personal Interest as described at paragraph 4(2) of the Code of Conduct for Members; or

(c) any Other Interest as described at paragraph 4(3) of the Code of Conduct for Members.

held by a Member, the Member must, at the commencement of the consideration of that item of business, or as soon as the interest becomes apparent, disclose to the meeting the existence and nature of that interest.

14.2 Where a Member discloses an interest, and that interest is a Disclosable Pecuniary Interest, the Member must withdraw from the meeting room where the item of business is being discussed and, unless the Member has been granted a dispensation by the Governance, Ethics and Standards Committee, he or she may not:

(a) participate in any discussion of the matter at the meeting
(b) vote on the matter at the meeting
(c) continue to deal with that matter

14.3 Disclosures of interests will be recorded in the minutes of the meeting.

15. **Disorderly Conduct**

15.1 If at a meeting any Member of the Council commits misconduct by persistently disregarding the ruling of the Chairman, by behaving irregularly, improperly or offensively or by wilfully obstructing the business of the Council, the Chairman or any other Member may move "that the Member named be not further heard" and the motion, if seconded, shall be put and determined without discussion.

15.2 If misconduct by the Member continues the Chairman shall move that the Member named shall be excluded from the meeting and the motion, if seconded, shall be put and determined without discussion.

15.3 If a member of the public interrupts the proceedings at any meeting the Chairman shall warn the person. If the interruption continues the Chairman shall order the person's removal from the meeting. In the case of a general disturbance in any part of a meeting open to the public, the Chairman shall order that part to be cleared.

15.4 The Chairman may, in the event of a disturbance interfering with the orderly dispatch of business, adjourn or suspend a meeting for such period as the Chairman considers appropriate.

16. **Petitions**

16.1 Any **petition** signed by 100 or more members of the public and not received to be dealt with under a procedure regulated by law, shall be dealt with in accordance with the Council's Petition Scheme (Appendix 2).

17. **Committees**

17.1 When **appointing** a committee the Council may also appoint the Chairman and Vice- Chairman, who in each case must be a Member of the Council.

17.2 A **substitute** Member may take the place of a Member who is unable to attend a meeting of one of the Committees or Sub-Committees. Such substitute Member, once named by a member of the absent Member's political group, will be accepted onto the Committee with power to speak and vote

17.3 The **quorum** of a committee or sub-committee shall be one quarter of the whole number of Members, or two, whichever is the greater number;

17.4 **Meetings** - The Chairman of a committee may call a special meeting at any time. A quarter of the Members of a committee may require the Director of Legal and Democratic Services to call a special meeting. The requisition must be in writing setting out the business to be considered. The special meeting will only consider the business so set out. All meetings of committees shall be summoned by the Director of Legal and Democratic Services.

17.5 **Information** - A copy of the agenda of every meeting of a Council, committee together with the index of reports of Executive Directors and Directors shall be sent to every Member of the Council, in accordance with the Access to Information Rules (Appendix 6).

17.6 **Local Members** - With the consent of the Chairman, a Member whose electoral division is directly affected by a matter or who has special knowledge which is relevant, may attend any committee and may speak (but not vote) on any particular matter.

17.7 **Requests from Members** - The agenda for any committee shall include consideration of any item requested by a member of the committee, subject to the Director of Legal and Democratic Services receiving written notice at least 10 working days before the date of the meeting.

17.8 **Application of Standing Orders** - Standing Orders 2 (general meetings) 13 (voting), 15 (disorderly conduct) and 20 (interpretation) shall apply to meetings of Committees with any necessary adaptation.

18. **Canvassing** - A Member of the Council shall not solicit for any person any appointment within the Council but this shall not preclude a Member from giving a written reference for a candidate for a post.

19. **Suspension and Variation**

19.1 Subject to paragraph 2 of this Standing Order any of the preceding Standing Orders may be suspended so far as regards any business of the meeting where suspension is moved.

19.2 A motion to suspend Standing Orders shall not be moved without notice unless at least one half of the whole number of the Members of the Council are present.

19.3 Any motion to add to, vary or revoke any Standing Order, shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.

20. **Interpretation** The ruling of the Chairman as to the application and meaning of any Standing Order shall not be challenged at any meeting of the Council.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

2 February 2022

Report of the Director of Legal & Democratic Services and Monitoring Officer

Decisions taken as a matter of Urgency and Key Decisions and Special Urgency

1. Purpose

1.1 In accordance with the provisions of the Constitution, to report to Council those executive decisions taken as a matter of urgency where 28 days' notice of the decision could not be given and where call-in has been waived.

2. Information and Analysis

2.1 Members of Council will be aware that on occasion there is a necessity for decisions to be taken urgently, most recently predominantly as a result of the covid-19 pandemic and the need to respond to changing government guidance in a timely fashion.

Key decisions – Cases of special urgency

2.2 Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, before the Council makes a key decision certain information needs to be published 28 clear days in advance. This is usually known as the 'Forward Plan'. The Regulations recognise that in the case of urgent decisions, this is not possible. As a result:

a) where a key decision needs to be taken and publication of the information is impracticable, the decision can be made as long as five clear days' notice of the decision is given to the relevant Improvement and Scrutiny Committee Chairman; and
b) in cases of special urgency, a key decision can be taken with less than five clear days' notice if agreement is obtained from the Improvement and Scrutiny Committee Chairman that the making of the decision is urgent and cannot reasonably be deferred.

2.3 The Regulations require a report to Council at least once a year detailing each key decision taken where it was agreed that the special urgency provisions apply. The Access to Information Procedure Rules included in Appendix 6 to the Constitution requires this report to be submitted on a quarterly basis to full Council.

2.4 In accordance with the above requirement, Appendix 2 sets out the key decisions taken where special urgency provisions were agreed since the last report to Council.

Waiver of Call-in provisions

2.5 Members will be familiar with the Council's Improvement and Scrutiny Procedure Rules included at Appendix 5 to the Constitution which sets out the call-in procedure. The call-in procedure does not apply where the executive decision being taken is urgent: that is where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. In such cases call-in can be waived if the Chairman of the appropriate Improvement and Scrutiny Committee agrees both the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency.

2.6 The Improvement and Scrutiny Procedure Rules require such urgency decisions to be reported to the next available meeting of the Council, together with the reasons for urgency.

2.7 In accordance with the above requirements, details of urgent decisions where the call-in process was waived since the last report to Council and the reasons for urgency are set out in Appendix 3.

3. Alternative Options Considered

3.1 Not to consider those executive decisions taken as a matter of urgency where 28 days' notice of the decision could not be given and where call-in has been waived; however, this is not recommended as this would not be in accordance with the Council's Constitution.

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 None.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Key decisions taken where special urgency provisions were agreed.

7.3 Appendix 3 - Details of urgent decisions where call in procedure was waived and the reasons for urgency.

8. Recommendations

That Council notes:

a) the key decisions taken where special urgency provisions were agreed as detailed in Appendix 2; and

b) the urgent decisions taken where the call-in procedure was waived under the Improvement and Scrutiny Procedure Rules as detailed in Appendix 3.

9. Reasons for Recommendations

9.1 In order to comply with the provisions in the Council's Constitution and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

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Appendix 1

Implications

Financial

1.1 None.

Legal

2.1 As set out in the report.

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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Appendix 2. Key decisions taken where special urgency provisions were agreed
20 November 2021 to 21 January 2022

Subject of Decision	Decision Taken by and Date Taken	Decision Taken	Reason for Decision	Reason for Urgency
3G football pitch and new changing facilities at Cemetery Road, Glossop	Managing Executive Director 29 November 2021	To approve specified increases (contained in an exempt report) to the contract sums and capital programme which relate to this project. This approval being subject to there being no substantive change to the scope of the works and any additional amounts being fully funded from sources external to the Council and not increasing the Council's borrowing requirement.	To ensure that this project can proceed to meet the timescales required, to mitigate potential increases to the tendered price, which could make the project unaffordable	It was anticipated that the Joint Working Agreement, the lease, and the contracts for services would be entered into on or around 3 December 2021. For this reason and the need to safeguard the interests of the County Council, the decision could not be dealt with by submission to the next Cabinet meeting on 6 December 2021.

Derbyshire Home Care Market – Workforce Constraints and Winter Retention Proposal	Executive Director Adult Social Care and Health 20 December 2021	To accept the funding of £2.1m made available by Derby City & Derbyshire Clinical Commissioning Group to provide a grant to registered domiciliary care providers in the PVI market in Derbyshire to make retention payments to all care workers retained in their roles over the next 3 months.	To retain current workforce capacity and continued delivery of essential care at home to Derbyshire residents using this service. This is in the context of low unemployment rates and competition in the jobs market to recruit entry level workers.	A delay in the implementation of this decision could potentially result in higher numbers of domiciliary care workers leaving their roles. This would impact adversely on people using the service (who are predominantly older people with age related frailty, long term conditions and disabilities) and would also place greater demand on stretched NHS services
Day Services	Cabinet Member for Adult Care 14 January 2022	To temporarily consolidate day services for people with learning disabilities and for older people onto a reduced number of sites and short-term community support services for working age adults to release staff to bolster essential service delivery	This decision was made in the context of ongoing effects of the Covid pandemic and the emergence of the Omicron variant, whereby current infection rates in the county are nearly 3 times the level that they were at the	It is anticipated that actions undertaken by care providers under their usual business continuity arrangements in isolation will not be sufficient to maintain staff cover should the pandemic continue on its current trajectory.

		within Direct Care residential and domiciliary services	previous peak in January 2021). Care providers are struggling to have sufficient staff to cover the services they have been commissioned to deliver. This is not only due to staff being off sick but also the impact of isolation on those who have been exposed but may have no symptoms.	Therefore, immediate action is required to mitigate the risks of insufficiency of capacity and service failure to avoid wherever possible the negative impact on people using services.
Homecare	Cabinet Member for Adult Care 14 January 2022	To temporarily reduce or suspend non-essential homecare support for a period of up to 8 weeks (circumstances permitting).	This decision was made in the context of insufficient provider capacity across the in-house Direct Care and Private Voluntary and Independent ('PVI') home care sector created by the impact of the Omicron variant of Covid. Care providers are struggling to have sufficient staff to	It is anticipated that actions undertaken by care providers under their usual business continuity arrangements in isolation will not be sufficient to maintain staff cover should the pandemic continue on its current trajectory. Therefore, immediate action is required to mitigate the risks of

			cover the services they have been commissioned to deliver. This is not only due to staff being off sick but also the impact of isolation on those who have been exposed but may have no symptoms.	insufficiency of capacity and service failure to avoid wherever possible the negative impact on people using services

Appendix 3:

Urgency decisions taken under the Improvement and Scrutiny Procedure Rules where call-in was waived

20 November 2021 to 21 January 2022

Subject of Decision	Decision Taken by and Date Taken	Decision Taken	Reason for Decision	Reason for Urgency
3G football pitch and new changing facilities at Cemetery Road, Glossop	Managing Executive Director 29 November 2021	To approve specified increases (contained in an exempt report) to the contract sums and capital programme which relate to this project. This approval being subject to there being no substantive change to the scope of the works and any additional amounts being fully funded from sources external to the Council and not increasing the Council's borrowing requirement.	To ensure that this project can proceed to meet the timescales required, to mitigate potential increases to the tendered price, which could make the project unaffordable	It was anticipated that the Joint Working Agreement, the lease, and the contracts for services would be entered into on or around 3 December 2021. For this reason and the need to safeguard the interests of the County Council, the decision needed to be implemented immediately.

Derbyshire Home Care Market – Workforce Constraints and Winter Retention Proposal	Executive Director Adult Social Care and Health 20 December 2021	To accept the funding of £2.1m made available by Derby City & Derbyshire Clinical Commissioning Group to provide a grant to registered domiciliary care providers in the PVI market in Derbyshire to make retention payments to all care workers retained in their roles over the next 3 months.	To retain current workforce capacity and continued delivery of essential care at home to Derbyshire residents using this service. This is in the context of low unemployment rates and competition in the jobs market to recruit entry level workers.	A delay in the implementation of this decision could potentially result in higher numbers of domiciliary care workers leaving their roles. This would impact adversely on people using the service (who are predominantly older people with age related frailty, long term conditions and disabilities) and would also place greater demand on stretched NHS services
Household Support Fund Grant: Supply of food vouchers	Executive Director of Children's Services 21 December 2021	Approval to use a non-Derbyshire County Council Framework for a contract for the supply of food vouchers.	The contract the Council held with a previous supplier to deliver food vouchers over school holidays up to the end of the 2021 summer break has expired and can't be extended further.	Delay would mean that the Council cannot start to provide vouchers to vulnerable families in January 2022.

Day Services	Cabinet Member for Adult Care 14 January 2022	To temporarily consolidate day services for people with learning disabilities and for older people onto a reduced number of sites and short-term community support services for working age adults to release staff to bolster essential service delivery within Direct Care residential and domiciliary services	This decision was made in the context of ongoing effects of the Covid pandemic and the emergence of the Omicron variant, whereby current infection rates in the county are nearly 3 times the level that they were at the previous peak in January 2021). Care providers are struggling to have sufficient staff to cover the services they have been commissioned to deliver. This is not only due to staff being off sick but also the impact of isolation on those who have been exposed but may have no symptoms.	It is anticipated that actions undertaken by care providers under their usual business continuity arrangements in isolation will not be sufficient to maintain staff cover should the pandemic continue on its current trajectory. Therefore, immediate action is required to mitigate the risks of insufficiency of capacity and service failure to avoid wherever possible the negative impact on people using services.
Homecare	Cabinet Member for Adult Care 14 January 2022	To temporarily reduce or suspend non-essential homecare support for a	This decision was made in the context of insufficient provider	It is anticipated that actions undertaken by care providers under

		period of up to 8 weeks (circumstances permitting).	capacity across the in-house Direct Care and Private Voluntary and Independent (‘PVI’) home care sector created by the impact of the Omicron variant of Covid. Care providers are struggling to have sufficient staff to cover the services they have been commissioned to deliver. This is not only due to staff being off sick but also the impact of isolation on those who have been exposed but may have no symptoms.	their usual business continuity arrangements in isolation will not be sufficient to maintain staff cover should the pandemic continue on its current trajectory. Therefore, immediate action is required to mitigate the risks of insufficiency of capacity and service failure to avoid wherever possible the negative impact on people using services

This Council acknowledges:

1. Nature provides us with vital support systems, allowing life on our planet to continue;

2. The climate crisis is intimately linked to the damage to nature which is happening around the world; that nutrient cycles, such as the carbon, nitrogen, phosphate and water cycles are all regulated by nature and are linked together;

3. That we have responsibilities across the county of Derbyshire which have an impact on nature and that we will make decisions that protect and enhance it wherever possible;

4. The requirement to take action is urgent, as climate change is rapidly disrupting natural cycles and habitats in Derbyshire. Steps to address the climate crisis must be in tandem with action to help ecosystems recover and become more resilient;

The Council acknowledges:

1. The value of nature -

1.1 - The findings of the Dasgupta Review which highlights that nature is an asset on which all aspects of our society depend. There has been underinvestment in our natural assets which must be reversed.

1.2 - Our current demands on natural resources are unsustainable, requiring the equivalent of 1.6 Earths to maintain the world's current living standards.

1.3 - Biodiversity is declining faster than at any time in human history. Such declines are undermining nature's productivity and adaptability, which poses excessive uncertainty for our economies and wellbeing.

1.4 - Access to green space is a key factor in improving health and wellbeing and connection to it increases pro-environmental behaviour change. 3

2. The interconnection to the climate crisis -

2.1 - That the climate and ecological crises are interlinked and that nature can provide one-third of the most cost-effective solutions to fighting climate change.

2.2 - That climate change is displacing nature from its historic habitat ranges as average temperatures increase. To help nature adapt, we need to make habitats more resilient and create and enhance wildlife corridors to allow nature to move to more suitable locations.

3. The path to rebuilding nature - The Lawton Review

4. In order to reverse this decline, four principles must be followed:

4.1 There must be more space given to wildlife;

4.2 That existing wild spaces must be expanded;

4.3 That the quality of existing wild spaces should be improved;

4.4 That the connectivity between wild spaces must be increased.

Council, therefore RESOLVES to:

1. Support the creation of a Local Nature Recovery Strategy that sits within the national Nature Recovery Network and underpins all planning, development and land management decisions. As part of this, we will:

1.1 Improve the landscape's resilience to climate change, providing natural solutions to reduce carbon and manage flood risk, and sustaining vital ecosystems;

1.2 Prioritise Nature Based Solutions to flooding and extreme weather mitigation including use of Sustainable Drainage Systems (SuDS), woodlands and wetlands to create nature rich habitat and connections;

1.3 Adopt a peat-free policy for all council contracts and supplies and support the restoration and protection of Derbyshire's peatlands, including taking measures to reduce the likelihood and severity of wildfires;

1.4 Support the restoration of tree cover in Derbyshire to 20% by 2040 across suitable locations, particularly the planting of street trees within our towns, cities and villages;

1.5 Manage at least 30% of council-owned land for the benefit of wildlife by 2030 (in line with Government commitments), including where we work with others (such as in and around care homes and on road verges);

1.6 Introduce a 20% Biodiversity Net Gain (BNG) commitment across all council-owned land;

1.7 Map and gather data on ecological networks and habitat opportunities within the region and prioritise sites within the ecological network for Biodiversity Net Gain projects (sometimes known as Nature Recovery Network mapping);

1.8 Bring forward a commitment for 10% Biodiversity Net Gain on all new developments now, rather than waiting for 2023, with the selection of sites for offsite mitigation based on the priorities identified by Nature Recovery Network mapping;

1.9 Support the restoration of 75% of sites managed for nature to favourable condition by 2030;

2. Improve access to nature by following the Natural England 'Nature Nearby' guidance. Particular regard will be given to:

2.1 Areas with high levels of physical health problems;

2.2 Areas with high levels of mental health problems;

2.3 Areas where the amount and quality of accessible natural greenspace is below Natural England's targets.

3. Demonstrate leadership by educating and supporting businesses, communities and the wider public to take action.

4. Recognise the role of education in engendering pro-environmental behaviour change, by supporting schools and adult education programmes which value nature.

5. Acknowledge the impact of food production and food waste on the current nature and climate crisis:

5.1 By assessing the environmental impact of the food that is purchased for schools and care homes, including ensuring the provision of plant-based foods;

5.2 Supporting the production of food locally, including promoting the provision of allotments across the county;

5.3 Encouraging residents of our community to minimise food waste and ensuring that no food waste goes to landfill.

6. Request that the Leader appoints a member of the Cabinet as the designated lead for tackling nature's recovery.

7. Request that the Head of Paid Service designates a council employee as the designated lead for coordinating council operations in relation to nature's recovery.

8. Request that Cabinet integrate the targets, objectives and outcomes of this motion with those outlined in the existing Carbon Reduction Plan to ensure measures to tackle climate issues do not contravene the principles of enhancing biodiversity

9. Supports the development of an evidence-based action plan including short and long-term targets for putting nature into recovery by 2030, and look to embed nature's recovery into all strategic plans and policy areas, not just those directly related to the environment. Areas of focus will include:

- Land management;
- Biodiversity;
- Roads and highways;
- Planning and development;
- Air quality;
- Transforming urban spaces;
- Health and wellbeing;
- People and communities;
- Education and awareness.

10. Provide training and resources for councillors and council employees about the nature emergency.

11. Form a steering and monitoring group to focus on achieving the targets and objectives outlined in this motion. This group will be comprised of politically balanced cross-party representatives, council staff, and it will call upon relevant experts from external organisations. This group will monitor progress, identify opportunities for improvement and report back to the designated Cabinet member.

12. Reinvigorate the Local Nature Partnerships to ensure the Nature Recovery Strategy is well understood and complements other relevant plans and strategies.

13. Publish interim reports on the progress made with regards to the above-mentioned action-plan.

14. Issue a declaration of compatibility alongside all future council motions and policy to ensure that any conflicts with nature's recovery are made apparent.