



**North East  
Derbyshire**  
District Council

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Date: Tuesday, 3 May 2022

To: **All Members of the Audit & Corporate Governance Scrutiny Committee**

Please attend a meeting of the Audit & Corporate Governance Scrutiny Committee to be held on **Wednesday, 11 May 2022 at 3.00 pm in the Council Chamber**, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield, S42 6NG.

Yours sincerely

A handwritten signature in black ink that reads "Sarah Steuberg".

**Assistant Director of Governance and Monitoring Officer**

Conservative Group	Labour Group	Liberal Democrat Group
Cllr W Armitage Cllr S Clough Cllr M Roe Cllr K Tait Cllr M E Thacker	Cllr N Barker Cllr P R Kerry Cllr G Morley	Cllr R Shipman

## **A G E N D A**

**1 Apologies for Absence**

**2 Declarations of Interest**

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

**3 Minutes of Last Meeting (Pages 4 - 8)**

To approve as a correct record and the Chair to sign the Minutes of the Audit and Corporate Governance Scrutiny Committee held on 23 February 2022.

- 4     **Reports of the Internal Audit Consortium Manager**
- a.     **Summary of Progress on the Annual Internal Audit Plan** (Pages 9 - 17)
- b.     **Internal Audit Plan 2022/23** (Pages 18 - 27)
- 5     **Report of the Information, Engagement and Performance Manager**
- a.     **Performance Management Quarter 4** (Pages 28 - 58)
- 6     **Reports of the Assistant Director - Finance and Resources (Section 151 Officer)**
- a.     **Corporate Debt Quarter 4** (Pages 59 - 65)
- b.     **Report on Consideration of the Council's Investments (in relation to the Investment Strategy)** (Pages 66 - 91)
- 7     **Update on the Parking Strategy and its Pilot Schemes**
- 8     **Report of the Assistant Director of Governance and Monitoring Officer**
- a.     **Committee Work Programme 2021-2022** (Pages 92 - 96)
- 9     **Forward Plan of Executive Decisions**
- 10    **To consider any other items which the Chair is of the opinion should be considered as a matter of urgency.**
- 11    **Date of Next Meeting**

The next meeting of the Audit and Corporate Governance Scrutiny Committee is scheduled to take place in the new Municipal Year.

# We speak your language



North East  
Derbyshire  
District Council

Polish

*Mówimy Twoim językiem*

Romanian

*Vorbim limba dumneavoastră*

Urdu

ہم آپ کی زبان بولتے ہیں

Chinese

我们会说你的语言



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## **AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON WEDNESDAY, 23 FEBRUARY 2022**

#### **Present:**

Councillor Martin E Thacker MBE JP (Chair) (in the Chair)  
Councillor Michael Roe (Vice-Chair)

Councillor Stephen Clough  
Councillor Pat Kerry

Councillor Nigel Barker  
Councillor Ross Shipman

#### **Also Present:**

K Drury	Information, Engagement and Performance Manager
L Hickin	Managing Director
J Dethick	Assistant Director - Finance and Resources (Section 151 Officer)
J Fieldsend	Legal Team Manager (non contentious)
A Kirkham	Planning Manager - Development Management
J Williams	Internal Audit Consortium Manager
D Stanton	Governance Officer

#### **AUD 89/2 Apologies for Absence**

1-22 Apologies for absence were received from Councillors W Armitage, G Morley and K Tait.

#### **AUD 90/2 Declarations of Interest**

1-22 Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

No declarations were made at this meeting.

#### **AUD 91/2 Minutes of Last Meeting**

1-22 RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 12 January 2022 be approved as a correct record and signed by the Chair.

#### **AUD 92/2 Verbal Update from Planning Manager - Development Management and Legal Team Manager in regard to Section 106 Agreements**

1-22

The Committee welcomed the Planning Manager and the Legal Team Manager to the meeting to discuss section 106 agreements.

Members were informed that section 106 payments were made to developers once certain triggers had been met. It was stated, for example, that this could be the number of dwellings occupied. If payments were not made by the

developers in a timely fashion then a reminder letter would be sent by Planning. It would then be referred to the Council's Legal Team if no response had been received.

The Committee discussed the current procedures in place and enquired as to how the Council could tighten those up to ensure more timely payment and attempt to pre-empt any difficulties.

The Legal Team Manager advised that the Council could not chase payments from developers before the trigger had been met, and that whilst it could reduce the threshold of any trigger point, it could not ask for something unreasonable. It was stated, for example, that this could be asking for payments before any dwellings had been occupied as it could cause cash flow issues for the developer. Members noted that each section 106 agreement was determined on its own merits and that applications could not be refused based on the reputation of a developer.

The Committee agreed that companies dissolving were causing issues for the Council when collecting payments, and that they would expect reputable companies to honour any agreement.

Members requested that a report be brought back to the Committee that explored options as to how the Council could tighten up its procedures and ascertain to secure more funds. The Planning Manager agreed to work with colleagues at Derbyshire County Council and other local authorities to see what could be done differently at the Council.

Members agreed that the report should outline what the law currently was, what the Council was currently doing, a detailed explanation as to how payments were collected, how other council's currently operated, and an overview of best practice. The Committee requested that this report be presented to Members at the July meeting of the Committee.

**RESOLVED** – That the update be noted and a report be brought to the Committee outlining further options.

#### **AUD     Risk Management Quarter 3**

**93/2**

**1-22**

The Managing Director was present at the meeting to update Members of the current position regarding Risk Management arrangements and the Strategic Risk Register as at February 2022.

The Committee discussed a number of emerging threats including the invasion of Ukraine and the need for the Council to be vigilant in the event of cyber-attacks from Russia, and the financial pressures to the Authority from the cost of living crisis.

Members noted that the Strategic Risk Register would be refreshed to consider new and emerging threats.

**RESOLVED** – That

1. The report be noted.
2. A revised report be submitted to the Committee which considered threats to the Council and its partners.

**AUD 94/2** **Performance Management Quarter 3**

**1-22** Members welcomed the Engagement and Performance Manager to the meeting to report the Quarter 3 outturns for the Council Plan 2019-23 targets.

It was stated that out of the 80 targets, 42 were on track; 4 had been affected by covid; 1 achieved this quarter and 24 achieved previously; 1 was overdue; 5 had been placed on alert; and 3 had been recommended for withdrawal at Cabinet.

The Committee enquired about staffing issues in some departments and what was being done to address the high vacancy rate. The Assistant Director of Finance and Resources confirmed that a benchmarking exercise would be done to determine whether the Council's remuneration was competitive when compared with other authorities.

Members also discussed targets relating to climate change, communications, and efficiency savings.

**RESOLVED** – That the quarterly outturns against the Council Plan 2019-23 targets be noted.

**AUD 95/2** **Monitoring of the Implementation of Internal Audit Recommendations**

**1-22** The Committee received a report which provided a summary of the internal audit recommendations made and implemented for the financial years 2018/19 – 2021/22 to date.

**RESOLVED** – That the report be noted.

**AUD 96/2** **Proposed Accounting Policies 2021/2022**

**1-22** The Assistant Director of Finance and Resources presented a report which requested the Committee's approval of the accounting policies that it was proposed to adopt for the current financial year in the preparation of the statement of accounts 2021/22.

Members noted the proposed changes to the CIPFA code of conduct.

The Committee expressed its disappointment in regards to the lack of detail given in the budget into how efficiency savings were to be made. The Assistant Director of Finance and Resources explained that the efficiency plan will form part of the budget monitoring from April. This would be brought to the Committee in due course.

**RESOLVED –**

1. That the Committee approve the accounting policies.
2. That the report be noted.

**AUD 96/2**     **Corporate Debt Quarter 3**

**1-221**     The Committee received a report which presented a summary of the corporate debt position as at 31 December 2021.

Members discussed HRA, overpaid housing benefit and universal credit.

**RESOLVED –** That the report be noted.

**AUD 97/2**     **Budget Monitoring Quarter 3**

**1-22**     The Assistant Director of Finance and Resources presented a report which summarised the budget position for the third quarter of 2021/22 which would be presented to Cabinet at its meeting on 03 March 2022.

Members noted that from April, the budget monitoring would include the efficiency plan.

**RESOLVED –** That the report be noted.

**AUD 98/2**     **Discussion on Review of Allocation of Financial Resources for Parking/Land Reviews**

**1-22**

The Committee discussed car parking in the District following the Parking Strategy that had recently been approved by Cabinet.

Members enquired about the criteria for sites chosen as part of the initial pilot scheme and how priority areas were determined. They requested more transparency and rationale behind the decision making process, and for the appropriate officer to explain to the Committee how the process worked at the next meeting.

**AUD 99/2**     **Committee Work Programme 2021-2022**

**1-22**

The Committee agreed to add one item to the 2021/22 Work Programme which was to consider an update in respect of the Parking Strategy and its pilot schemes. This would be considered at the next meeting in May.

A report on section 106 agreements would be added to the Work Programme for the new municipal year and would be considered in July.

**RESOLVED –** That the Work Programme be noted.

**AUD 100/**     **Forward Plan of Executive Decisions**

**21-**

**22**

**RESOLVED –** That the Forward Plan of Executive Decisions be noted.

**AUD 101/21-22** **To consider any other item which the Chair is of the opinion should be considered as a matter of urgency.**

There were no urgent matters to be discussed at this meeting.

**AUD 102/21-22** **Date of Next Meeting**

The next scheduled meeting of Audit and Corporate Governance Scrutiny Committee is on 11 May 2022.



**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**11th May 2022**

**Summary of Progress on the 2021/22 Internal Audit Plan**

**Report of the Head of the Internal Audit Consortium**

**Classification:** This report is public

**Report By:** Jenny Williams: Head of the Internal Audit Consortium

**Contact Officer:** Jenny.Williams@ne-derbyshire.gov.uk

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**PURPOSE / SUMMARY**

- To present, for members' information, a progress report in respect of the 2021/22 Internal Audit Plan.
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**RECOMMENDATION**

1. That the report be noted.
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**IMPLICATIONS**

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**Finance and Risk:** Yes ☒ No ☐

**Details:**

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes ☒ No ☐

**Details:**

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance".

On Behalf of the Solicitor to the Council

**Staffing:** Yes ☐ No ☒  
**Details:**

On behalf of the Head of Paid Service

## DECISION INFORMATION

<b>Decision Information</b>	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>BDC:</b> Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> <b>NEDDC:</b> Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Cabinet / Executive</b> <input type="checkbox"/> <b>SAMT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input checked="" type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Yes  Details:

### Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

Internal audit reviews help to ensure that the Council is delivering high quality, cost effective services.

## **REPORT DETAILS**

### **1 Background**

- 1.1 The Public Sector Internal Audit Standards require that the Head of the Internal Audit Consortium reports periodically to the Audit and Corporate Governance Scrutiny Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

### **2. Details of Proposal or Information**

- 2.1 Appendix 1 is a summary of reports issued January 2022 to the 22<sup>nd</sup> April 2022. The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen at Appendix 2.
- 2.2 In this period 5 reports have been issued three with substantial assurance and two with reasonable assurance.
- 2.3 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 2.4 Appendix 3 provides full details of the audits completed, audits in progress and those audits that will be deferred to 2022/23.
- 2.5 In respect of the audits being reported, it is confirmed that no issues arising relating to fraud were identified.

### **3 Reasons for Recommendation**

- 3.1 To inform Members of progress on the 2021/22 Internal Audit Plan and to provide details of the Audit Reports issued to date.
- 3.2 To comply with the requirements of the Public Sector Internal Audit Standards.

### **4 Alternative Options and Reasons for Rejection**

- 4.1 Not Applicable

## DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	Summary of Internal Audit reports issued in respect of the 2021/22 Internal Audit Plan January 2022 – 22nd April 2022
Appendix 2	Assurance Definitions
Appendix 3	Progress on the 2021/22 Internal Audit Plan
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	

## **NORTH EAST DERBYSHIRE DISTRICT COUNCIL**

### **Summary of Internal Audit Reports Issued January 2022 to the 22<sup>nd</sup> April 2022**

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N011	Main Accounting and Budgetary Control	To review the operation of the controls in place	Substantial	11/1/22	12/2/22	0	0
N012	Ethical Governance	To review governance arrangements in respect of the Codes of Conduct and policies, training etc.in place	Reasonable	7/2/22	28/2/22	5 (1M 4L)	5
N013	Treasury Management	To ensure that there is an approved strategy in place that is CIPFA compliant and is adhered to	Substantial	1/3/22	22/3/22	1L	1
N014	National Non Domestic Rates	To ensure that bills are raised promptly and accurately and that there are debt recovery procedures in place	Substantial	2/3/22	23/3/22	0	0

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N015	Risk Management	To ensure that there is a current strategy in place that is supported by strategic and operational risk registers that are regularly reviewed and updated	Reasonable	3/3/22	24/3/22	4 (2M 2L)	4

H = High Priority M = Medium Priority L = Low Priority

## Current Assurance Levels

Assurance Level	Definition
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

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## Control levels that were used until end March 17

Control Level	Definition
<b>Good</b>	A few minor recommendations (if any).
<b>Satisfactory</b>	Minimal risk; a few areas identified where changes would be beneficial.
<b>Marginal</b>	A number of areas have been identified for improvement.
<b>Unsatisfactory</b>	Unacceptable risks identified, changes should be made.
<b>Unsound</b>	Major risks identified; fundamental improvements are required.

## North East Derbyshire District Council Internal Audit Plan 2021/22

	Complete
	In progress
	Joint Audit with BDC
	Defer

	<b>Main Financial Systems</b>	<b>2021/22 Days</b>
	Main Accounting / Budgetary Control / MTFP	15
	Creditor Payments (key controls)	10
	Debtors (key controls)	10
	Treasury Management	15
	Council Tax (key controls)	10
	NNDR	20
	Housing Benefits	18
	Payroll	15
	Business Grants	15
	<b>Total Main Financial Systems</b>	<b>128</b>
	<b>Other Operational Audits</b>	<b>2021/22</b>
	Committee Processes	8
	Food Hygiene	12
	Grounds Maintenance – swap with waste	8
	Homelessness	12
	Insurance	10
	Killamarsh Leisure Centre	13
	Section 106	12
	<b>Total Operational Areas</b>	<b>75</b>
	<b>Rykneld Homes</b>	<b>97</b>
	<b>IT Related</b>	



	Disaster Recovery	6
	IT Transformation Programme / Digital Agenda	8
	<b>Total IT</b>	<b>14</b>
		<b>2021/22</b>
	<b>Fraud and Corruption</b>	
	National Fraud Initiative	5
	<b>Total Fraud &amp; Corruption</b>	<b>5</b>
	<b>Corporate / Cross Cutting Issues</b>	
	Business Continuity	8
	Corporate Governance / Assurance Statement	2
	Corporate Targets	10
	Financial Advice / working groups	12
	Safeguarding	8
	Ethics	10
	Health and Safety	12
	Risk Management	7
	Transformation Agenda	10
	<b>Total Corporate/Cross Cutting Issues</b>	<b>79</b>
	<b>Special Investigations / Contingency</b>	<b>43</b>
	<b>Apprenticeships / training</b>	<b>30</b>
	<b>Audit Committee / Client Liaison</b>	<b>15</b>
	<b>Grand Total</b>	<b>486</b>

#### **Reserve Areas**

Taxi Licences

VAT

Sickness absence

Leisure financial

Cemeteries

IT Disposal of old equipment

## North East Derbyshire District Council

### Audit and Corporate Governance Scrutiny Committee

11th May 2022

### Internal Audit Plan 2022/23

### Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

Contact Officer: Jenny Williams – 01246 959770  
Jenny.williams@ne-derbyshire.gov.uk

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#### **PURPOSE / SUMMARY**

To present to Members for consideration and agreement the Internal Audit Plan for 2022/23.

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#### **RECOMMENDATIONS**

1. That the Internal Audit Plan for 2022/23 be agreed.
2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any emerging risks / staff shortages etc.

#### **IMPLICATIONS**

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Finance and Risk: Yes ☒ No ☐

**Details:**

Financial – The internal audit budget for 2022/23 has been approved by the Joint Board.

Risk - The audit plan is designed to provide assurance that the council's significant risks identified as part of the risk assessment process are being managed effectively. If additional risks are identified and / or there are changes to priorities during the year the plan will be reconsidered. Any significant changes to the plan will be reported back to the Audit and Corporate Governance Scrutiny Committee for approval.

On Behalf of the Section 151 Officer

**Legal (including Data Protection):**

Yes ☒

No ☐

**Details:**

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance”.

On Behalf of the Solicitor to the Council

**Staffing:**

Yes ☐

No ☒

**Details:**

On behalf of the Head of Paid Service

## DECISION INFORMATION

Decision Information	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>BDC:</b> Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> <b>NEDDC:</b> Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes  Details:

<b>Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.</b>
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The internal audit plan is linked to the Council Plan in respect of its aim to deliver an excellent service that will provide assurance in respect of the Councils governance, risk and control arrangements.
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## REPORT DETAILS

### 1 Background

- 1.1 A key requirement of the Public Sector Internal Audit Standards is that a periodic risk- based plan should be prepared that is sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk- based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.

### 2. Details of Proposal or Information

- 2.1 The plan has been prepared taking into account the following factors: -

- The organisational objectives and priorities
- Local and national issues and risks
- The requirement to produce an annual internal audit opinion
- An update of the internal audit risk assessment exercise
- The Council's strategic risk register
- Consultation with the Senior Management Team

- 2.2 Some reserve audit areas have been included at the end of the plan. Whilst every effort will be made to complete the 2022/23 planned areas first, a list of reserve areas provides more flexibility. At certain times of the year, particularly year end there can be legitimate reasons why an audit is not feasible at a particular time. If the contingency days are not required then these will be utilised on the reserve areas.

- 2.3 An annual report summarising the outcome of the 2021/22 internal audit plan will be presented to this Committee after the year-end. Some of the areas within the 21/22 plan have been carried forward to 2022/23.

- 2.4 A summary of the internal audit plan for 2022/23 is shown below and in detail at Appendix 1.

## Internal Audit Plan 2022/23

Summary	Audit Days
Main Financial Systems	93
Other Operational Audits	157
Computer / IT Related	15
Fraud and Corruption	5
Rykneld Homes	97
Corporate / Cross Cutting / Governance	34
Special Investigations & Contingency	40
Apprenticeships / Training	30
Audit Committee / Client Liaison	15
<b>Grand Total</b>	<b>486</b>

- 2.5 Resource availability has been based on the Consortium Business Plan that was approved by the Joint Board on the 29<sup>th</sup> March 2022. The plan allocates 486 days to North East Derbyshire District Council for 2022/23, this is the same allocation as in 2021/22.
- 2.6 The plan is ambitious and is reliant upon having a full staffing complement and fully trained staff so may not be completed in its entirety. The Senior Auditor at NEDDC has taken a promotion elsewhere and we have been unable to recruit a suitable replacement. Options are currently being considered. The Consortium resources will be spread evenly amongst the partnership Members to ensure that each get a similar proportion of their plans completed.

### **3 Reasons for Recommendation**

- 3.1 To comply with the Public Sector Internal Audit Standards and to determine the internal audit work plan for the year.
- 3.2 To ensure that the annual internal audit opinion can provide assurance in respect of the Council's governance, risk and control arrangements.

#### 4 Alternative Options and Reasons for Rejection

4.1 None

#### DOCUMENT INFORMATION

Appendix No	Title
1	Internal Audit Plan 2022/23
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	

## Appendix 1

### North East Derbyshire District Council Internal Audit Plan 2020/21 – 2022/23

**Audit not completed**

Priority		2020/21 Days	2021/22 Days	22/23 Days	Risk Factor / Strategic Risk
	<b>Main Financial Systems</b>				
H/M	Main Accounting/Budgetary Control/MTFP	0	15	0	Failure to produce a reliable set of accounts, lack of control over spending, (Strategic Risk 2)
H/M	CIPFA Financial Management Code	8	0	12	Financial Resilience / sustainability (Strategic Risk 2)
H/M	Payroll	0	15	0	Employees are paid incorrectly, there are ghost employees in the system
H/M	Creditor Payments	0	10	0	Incorrect or fraudulent payments are made (Strategic Risk 3)
H/M	Debtors	10	10	15	Loss of income, fraud
H/M	Treasury Management	0	15	0	Misappropriation of funds, poor investment decisions
H/M	Cash and Banking	18	0	18	Loss of income, theft
H/M	Council Tax	20	10	20	Loss of income, fraud (Strategic Risk 3)
H/M	Non Domestic Rates	0	20	10	Loss of income, fraud (Strategic Risk 3)
H	Housing / Council Tax Benefits	18	18	18	Reputational damage, fraud (Strategic Risk 3)
H/M	Business Grants	0	15	0	Monies not paid out in accordance with scheme
	<b>Total Main Financial Systems</b>	<b>74</b>	<b>128</b>	<b>93</b>	
	<b>Other Operational Audits</b>				
H	Clay Cross Town Deal	0	0	10	Risk that project won't be delivered /

Priority		2020/21 Days	2021/22 Days	22/23 Days	Risk Factor / Strategic Risk
					reputational damage (Strategic Risk 6)
M	Committee Processes	0	8	12	Poor Governance, lack of transparency (Strategic Risk 8)
L	Dog Warden Services	5	0	0	Reputation, loss of income
M	Disabled Facilities Grants	10	0	0	Inability to deliver/fraud / reputational
L	Elections	10	0	0	Registers inaccurate / Incorrect payments
H	E Health Food Hygiene	13	12	12	Public Health risk (Strategic Risk 3)
M	Final Accounts (contractors)	0	0	4	Poor value for money
L	Grounds Maintenance	0	8	0	Reputational
M	Homelessness	10	12	0	Reputation, failure in statutory duty
M	Industrial Property Rents/Periodic Income	0	0	15	Loss of income, fraud
M	Insurance	0	10	10	Wrong cover levels and type, fraudulent claims
H/M	Killamarsh Leisure Centre	0	13	15	Loss of income, theft, poor practice (Strategic Risk 3)
L	Leisure Direct Debits	5	0	0	Loss of income, poor management
M	Leisure Reviews	20	0	15	Loss of income, theft, poor practice (Strategic Risk 3)
M	Planning Fees	0	0	10	Loss of income
M	Planning Processes & Procedures / Appeals	10	0	0	Poor decision making, reputation (Strategic Risk 3)
M	Recruitment and Selection	0	0	12	Fraud
M	Refuse Collection	0	10		Reputational Damage (Strategic Risk 3)
M	Section 106	0	12	0	Loss of income/fraud/ reputational damage, failure to deliver projects
M	Sickness Absence / Wellbeing	0	0	12	Staff morale (Strategic Risk 9)
M	Social Media	8	0	0	Reputation
L	Street Cleaning	10	0	0	Reputation (Strategic Risk 3)
M	Taxi Licensing	0	0	12	Safeguarding risk (Strategic risk 10)



Priority		2020/21 Days	2021/22 Days	22/23 Days	Risk Factor / Strategic Risk
M	Transport / Vehicles / fuel	0	0	13	Theft / Health & Safety (Strategic Risk 6)
	<b>Total Operational Audits</b>	<b>101</b>	<b>75</b>	<b>152</b>	
	<b>Computer and IT Related</b>				
H	Cyber Security / Network Security/systems security / Transformation Programme - Digital	12	14	15	Attack on Council systems / business continuity/ reputational damage / financial (Strategic Risk 13)
M	Laptops / Removable Media	12	0	0	Theft, loss of data, reputation (Strategic Risk 4)
	<b>Total Computer and IT related</b>	<b>24</b>	<b>14</b>	<b>15</b>	
	<b>Rykneld Homes</b>	<b>97</b>	<b>97</b>	<b>97</b>	Partnership fails (Strategic Risk 7)
	<b>Cross Cutting Areas</b>				
M	Asset Management Arrangements	10	0	0	Poor value for money, assets not fit for purpose (Strategic Risk 2)
M	Business Continuity	0	8	0	Failure to deliver services (Strategic Risks 3 & 4)
H	Corporate Governance and AGS	2	2	2	Poor Governance (Strategic Risk 8)
M	Climate Change	5	0	0	Failure to deliver promises, reputation (Strategic Risk 1)
H/M	Data Protection	12	0	12	Mis- use of data, large fines
M	Ethics	10	10	0	Reputation, lack of transparency (Strategic Risk 8)
H	Financial Advice / Working Groups	12	12	20	Appropriate controls not in place

Priority		2020/21 Days	2021/22 Days	22/23 Days	Risk Factor / Strategic Risk
M	Health and Safety	0	12	0	Risk of injury, death (Strategic Risk 8)
L	Mobile Phones / Communications	10	0	0	Poor VFM
M	Performance Management/Corporate Targets	15	10	0	Poor Governance (Strategic Risk 8)
H/M	Procurement	15	0	0	Fraud, poor value for money
M	Risk Management	0	7	0	Failure to identify and mitigate risks (Strategic Risk 8)
H/M	Safeguarding	0	8	0	Public safety, reputational risk (Strategic Risk 10)
H	Transformation Agenda	10	10	0	Fails to make the savings anticipated (Strategic Risk 2 and 6)
L	Use of Consultants / IR35	14	0	0	Not achieving value for money
	<b>Total Cross Cutting Areas</b>	<b>115</b>	<b>79</b>	<b>34</b>	
	<b>Fraud and Corruption</b>	<b>20/21 Days</b>	<b>21/22 Days</b>		<b>Risk Factor</b>
M	National Fraud Initiative	5	5	5	Fraud
	<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	
	<b>Location / Regularity</b>				
L	Petty Cash	0	0	5	Theft
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>5</b>	
	Special Investigations/Contingency	25	43	40	Fraud, loss of income

Priority		2020/21 Days	2021/22 Days	22/23 Days	Risk Factor / Strategic Risk
	Apprenticeship / Training	30	30	30	Lack of appropriately trained staff
	Audit Committee / Client Officer Liaison	15	15	15	Non- compliance with Public Sector Internal Audit Standards
	<b>Planned Total Days</b>	<b>486</b>	<b>486</b>	<b>486</b>	

### **Reserve Areas**

Grounds Maintenance

Business Centres

Transparency publication requirements

VAT

Property Compliance – Legionella, Asbestos, Lift Maintenance

## North East Derbyshire District Council

### Audit and Corporate Governance Scrutiny Committee

11th May 2022

### Council Plan Targets Performance Update January to March 2022

(Q4 – 2021/22)

### Report of the Information, Engagement & Performance Manager

Classification: This report is public

Report By: Kath Drury, Information, Engagement and Performance Manager

Contact Officer: As Above

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#### **PURPOSE / SUMMARY**

To report the Quarter 4 outturns for the Council Plan 2019-2023 targets.

Out of the 80 targets:

- 26 (33%) are on track
  - 2 (2%) achieved this quarter (1 behind target) and 25 (31%) achieved previously
  - 12 (15%) achieved their annual outturn for 2021/22
  - 11 (14%) have failed to meet their outturn in 2021/22, 8 (10%) of which have been affected in part by Covid 19 restrictions in 2021/22.
  - 1 (1%) have been placed on alert
  - 3 (4%) to be recommended for withdrawal at Cabinet
- 

#### **RECOMMENDATIONS**

1. That quarterly outturns against the Council Plan 2019-2023 targets be noted.

#### **IMPLICATIONS**

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**Finance and Risk:** Yes ☐ No ☒

**Details:**

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes ☐ No ☒

**Details**

On Behalf of the Solicitor to the Council

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**Staffing:** Yes ☐ No ☒  
**Details:**

On behalf of the Head of Paid Service

## DECISION INFORMATION

<b>Decision Information</b>	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>NEDDC:</b> <b>Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/></b> <b>SMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/></b> <b>Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Cabinet Members/SMT informed on route via the quarterly performance meeting  Details: Ward Members

<b>Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.</b>
All

## REPORT DETAILS

### 1 Background

1.1 The attached appendix contains the performance outturn as of 31<sup>st</sup> March 2022.

### 2. Details of Proposal or Information

2.1 A summary by council plan aim is provided below:

## 2.2 Our Economy - Creating a business friendly District that develops skills and jobs

- 16 targets in total
- 6 targets are on track
- 1 target failed as it has not achieved its intended yearly outturn:
  - ECO 13 - *Hold 4 events annually to foster effective links with further and higher education establishments*
- 3 targets achieved their outturn for 2021/22:
  - ECO 07 - *Deliver 3 engagement events annually to support business*
  - ECO 15 - *Deliver a bi-annual jobs fair to support jobs and skills*
  - ECO 33 - *Support at least 25 businesses each year through effective signposting and advice*
- 1 target to be recommended for withdrawal at Cabinet:
  - ECO 30 - *Establish and deliver NED Weekly Apprenticeship hour*
- 5 targets have been achieved previously (ECO 04 ECO 09 ECO 16 ECO 20 ECO 21)

## 2.3 Our Environment - Protecting and promoting the character of our District

- 16 targets in total
- 2 targets have failed as they have not achieved their intended yearly outturn:
  - ENV 13 - *Increase the number of fixed penalty notices issued for litter and dog fouling offences by 20% by 2023*
  - ENV 17 - *Measure %age of cases of waste crime (Duty of Care and fly-tipping) where sufficient evidence to prosecute has been identified, are progressed to legal services, with a prosecution file, within 60 days (set baseline in 19/20 for 20/21 onwards)*
- 4 targets achieved their outturn for 2021/22:
  - ENV 09 - *Develop and deliver 2 climate change community information events per year*
  - ECO 15 - *Deliver a bi-annual jobs fair to support jobs and skills*
  - ENV 10 - *Deliver 1 climate change training event for Parish Councils per year*
  - ENV 14 - *Undertake 15 litter picks and Love Where You Live initiatives per year*
  - ENV 16 - *Measure %age of all reports of fly-tipping referred for investigation to be responded to within 3 working days (set baseline in 19/20 for 20/21 onwards)*
- 1 target to be recommended for withdrawal at Cabinet:
  - ENV 08 - *Develop a Climate Change Communications Strategy by April 2021*
- 1 target on alert as it may not achieve its outturn by March 2023:
  - ENV 13 - *Increase the number of fixed penalty notices issued for litter and dog fouling offences by 20% by 2023 (Baseline: 2019/20)*
- 8 targets have been achieved previously (ENV 01 ENV 03 ENV 04 ENV 06 ENV 07 ENV 12 ENV 02 ENV 19)

## 2.4 Our Residents – Enhancing our residents’ quality of life

- 26 targets in total
- 13 targets are on track
- 3 targets achieved their outturn for 2021/22:
  - RES 02 - *Run 12 community initiatives per year*
  - RES 26 - *Support at least 20 projects per year through the Community Action Grants Fund*
  - RES 27 - *Support at least 4 initiatives per year led by volunteers*
- 6 targets have failed to meet their outturns in 2021/22 and have in part been affected by Covid 19 restrictions during 2021/22 (RES 03,04,05 28, 30,31)
- 4 targets have been achieved previously (RES 08,10,11 25)

## 2.5 Our Services - Delivering high quality, cost effective services by engaging with residents, partners and Council staff

- 22 targets in total
- 7 targets are on track
- 2 targets achieved their outturns for 2021/22:
  - SER 20 - *Place 2 recycling promotions in NEDi News annually*
  - SER 22 - *Undertaking cleansing of all District estate roads at least 4 times per year*
- 1 target achieved and signed off:
  - SER 16 - *Attend 4 Parish Council Meetings per year*
- 1 target achieved behind target
  - SER 18 - *Review the Council's Petition Scheme by Annual Council 2020*
- 1 target to be recommended for withdrawal at Cabinet:
  - SER 03 - *Deliver £2m savings through the Transformation Programme by 2023*
- 2 targets have failed to meet their outturns in 2021/22 and have in part been affected by Covid 19 restrictions during 2021/22 (SER12 SER 15)
- 8 targets achieved previously (SER 01 SER 07 SER 08 SER 09 SER 10 SER 23 SER 24 SER 26)

2.6 Details have been provided in the appendix for those at exception and achieved together with a full council target listing.

## 3 Reasons for Recommendation

3.1 This is an information report to keep Members informed of progress against the council plan targets noting achievements and any areas of concern.

## 4 Alternative Options and Reasons for Rejection

4.1 Not applicable to this report as providing an overview of performance against agreed targets







## DOCUMENT INFORMATION

Appendix No	Title
1	Council Plan Targets Update – Q4 January to March 2022
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
All details on the PERFORM system	



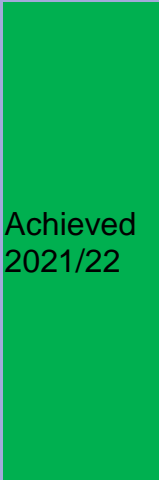
**North East Derbyshire District Council**  
**Council Plan Targets Update – Quarter 4 January to March 2022**

**Status Key**

<b>Target Status</b>	Usage
 On Track	The target is progressing well against the intended outcomes and intended date.
 Achieved	The target has been successfully completed within the target date.
 Alert	<ul style="list-style-type: none"> <li>To reflect any target that does not meet the expected outturn for the reporting period (quarterly).</li> <li>The target is six months off the intended completion date and the required outcome may not be achieved.</li> <li>To flag annual targets within a council plan period that may not be met.</li> </ul>
 Failed	The target has failed to achieve what it set out to accomplish within the intended target date.
 Failed (Covid Affected)	The target has failed to achieve its intended outturn and has in part been affected by the Covid 19 Pandemic restrictions in place during 2021/22
 Withdraw	The target has been recommended for withdrawal and discussed at a quarterly performance meeting. Council Plan targets require Cabinet approval to withdraw.

**Council plan targets achieved and by exception**

**Achieved**

ECO 07 - Deliver 3 engagement events annually to support business	Growth <i>Cllr Kenyon</i>	 Achieved 2021/22	<p>Killamarsh job fair took place 3rd Feb, mainly to support recruitment of leisure staff to coincide with opening of refurbished centre in Killamarsh. 15 local employers and training providers attended and most employers had multiple vacancies. 52 people attended the event. Leisure had a great response for the majority of posts as follows: Café Assistant – 13, Sports Assistant – 10, Healthy Lifestyle Instructor – 7.</p> <p>2021/22 - 4 events held</p> <p>Future events are taking place as follows:</p> <p>Eckington, 12th May, 10 - 12</p> <p>Holmewood 7th July 10 - 12</p> <p>Dronfield 29th September 10 - 12</p>
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ECO 15 - Deliver a bi-annual jobs fair to support jobs and skills	Growth <i>Cllr Kenyon</i>	Achieved 2021/22	Refer to ECO 07 for Killamarsh job fair. Clay Cross job fair held on 25/11/21 and a virtual job fair ran in May 21.
ECO 33 - Support at least 25 businesses each year through effective signposting and advice	Growth <i>Cllr Kenyon</i>	Achieved 2021/22	The dedicated business advisor at the D2N2 Growth Hub continues to offer a wide range of business support. The type of enquiries are now less for Covid related support and more for general growth issues. The service has also been extended to the end of June 2022. Over 300 NED businesses supported. Activity includes Covid support, general growth advice and a rolling programme of free business support workshops. NEDDC officers offer parallel support and advice on skills, business premises, recruitment, apprenticeships etc.
ENV 09 - Develop and deliver 2 climate change community information events per year	Transformation <i>Cllr Kenyon</i>	Achieved 2021/22	Climate Change Community Information content was part of the NEDDC Meet the Council events held in Eckington (27.09.21) and Clay Cross (05.10.21).
ENV 10 - Deliver 1 climate change training event for Parish Councils per year	Transformation <i>Cllr Kenyon</i>	Achieved 2021/22	The annual training session was led by the Home Improvement Co-ordinator at District and Parish Liaison Group on 18 March 2022.
ENV 14 - Undertake 15 litter picks and Love Where You Live initiatives per year	Operations <i>Cllr Cupit</i>	Achieved 2021/22	3 out of the 4 planned litter picks during this quarter took place. In addition, 3 other patrols have been added onto Quarter 4 data, as these had been recorded late earlier in the year and didn't meet the reporting deadlines for the Quarter they actually took place in. Overall the service carried out 16 proactive patrols, which was 1 more than the target. 16 - Achieved 2021/22

ENV 16 - Measure %age of all reports of fly-tipping referred for investigation to be responded to within 3 working days (set baseline in 19/20 for 20/21 onwards)	Operations <i>Cllr Cupit</i>	Achieved 2021/22	37 out of 39 were responded to within 3 working days. Figures have been updated retrospectively as the report used to collate this indicator was set up to include some pollution control requests which shouldn't have been. Overall performance for the year was above target at 94%
RES 02 - Run 12 community initiatives per year	Transformation <i>Cllr Powell</i>	Achieved 2021/22	Initiatives run: Fairy Trail via Love Exploring Forever Active session Family Taster Sessions x6 Total No of sessions for the year – 15
RES 26 - Support at least 20 projects per year through the Community Action Grants Fund	Transformation <i>Cllr Powell</i>	Achieved 2021/22	8 projects have been awarded a total on £2,990.50 within the quarter. Within the year 25 projects have been approved, totalling £10,598.69. Regular promotion of successful projects through NEDDC social media is ongoing.
RES 27 - Support at least 4 initiatives per year led by volunteers	Transformation <i>Cllr Kenyon</i>	Achieved 2021/22	6 Groups were assisted in depth within the year: Holmgate Darby & Joan Club, St Paul's Happy Circle' (Dronfield), Grassmoor Friendship Club, Wingerworth Men's Shed Group, SCAMWhere? and Dronfield 2gether. The Public Health funded Community Development Worker role ended within the quarter and alternative solutions for signposting to support are being sought.
SER 20 - Place 2 recycling promotions in NEDi News annually	Operations <i>Cllr Cupit</i>	Achieved 2021/22	Article to be placed in Spring edition of The News informing of green bin collections resuming and promoting waste recycling (Burgundy Bin) to facilitate increased waste diversion from the residual waste (Black Bin) stream, reducing reliance of landfill and/or heat treatment. Also, included with this edition will be promotion of the Keep

			Britain Tidy Spring Clean initiative and the Council's arrangements to support local community group litter picks
SER 22 - Undertaking cleansing of all District estate roads at least 4 times per year	Operations <i>Cllr Cupit</i>	Achieved 2021/22	Urbanised housing estate street cleansing is scheduled on quarterly frequencies and performance is measured by way of operational cleansing program returns. However, impact of long term sickness and covid absence continue to have an impact on service delivery in certain areas of District.
SER 16 - Attend 4 Parish Council Meetings per year	Operations <i>Cllr Foster</i>	Achieved	This is now being dealt with through the District and Parish Liaison meeting plus training aimed at Parish Councils in relation to the ethical framework.

### Achieved behind target

SER 18 - Review the Council's Petition Scheme by Annual Council 2020	Operations <i>Cllr Mark Foster</i>	Achieved behind target	Achieved but after target date. The review went to and was endorsed by Standards Committee in January 2022. It will be agreed at Council on 25 April as formal change to the Constitution.
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### Failed

ENV 05 - Deliver 2 proactive planning enforcement exercises per year	Operations <i>Cllr Cupit</i>	Failed 2021/22	The Planning Enforcement team is working on two proactive enforcement cases. One being districtwide exercise of, enforcement and removal of unauthorised signs and banners. The second stems from an investigation on an unrelated nearby site. Unauthorised storage of seemingly scrap vehicles and metal has been found in a significant area of woodland cutting formerly used as a garden nursery. <u>0 Exercises completed 2021/22 however two in progress.</u>
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ENV 17 - Measure %age of cases of waste crime (Duty of Care and fly-tipping) where sufficient evidence to prosecute has been identified, are progressed to legal services, with a prosecution file, within 60 days (set baseline in 19/20 for 20/21 onwards)	Operations Cllr Cupit	Failed 2021/22	<p>1 legal case which did not meet the 90 day target. Overall throughout the year there have been 4 legal cases, none of which had prosecution files prepared within 90 days. Due to an unfilled vacancy and unexpected staff turnover in the Environmental Enforcement Team, processing case files has been impacted. The new approach to recording and monitoring prosecution case files has been delayed due to IT system configuration errors which have been raised with the IT provider. It is expected this will be implemented in 2022/23. The recruitment challenges in the team have now been resolved and as such from April 2022/23 all new cases should meet the 90 day target timescale.</p> <p>Target 100% Actual 0%</p>
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ECO 13 - Hold 4 events annually to foster effective links with further and higher education establishments	Growth Cllr Kenyon	Failed 2021/22	<p>No webinars have taken place this quarter however work continues with Derby University and Chesterfield College on the Clay Cross Enterprise and Skills Hub. Promotion of the University of Sheffield student research programme via social media has taken place this quarter. <u>2 events held 2021/22</u></p>
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### Failed 2021/22 (Covid Affected in part)

SER 12 - Ensure that monthly car parking patrols are undertaken outside schools within the District	Cllr Cupit Operations	Failed 2021/22 Covid Affected	<p>Due to vacancies, the Enforcement Team was staffed by just 3 Enforcement Officers working across both Councils, with one retiring in January. The Service recognises the value of parking patrols and remains committed to resuming this initiative when resources are available. However this initiative carries no enforcement powers,</p>
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			duties or responsibilities, and relies on having face-to-face discussions with parents which carried additional risks during the Covid situation. Staffing issues are currently being resolved to enable this initiative to be taken forward in 22/23
RES 03 - Increase participation in leisure activities at leisure centres by 5000 visits per year	Transformation Cllr Powell	Failed 2021/22 Covid Affected	Participation has been excellent through this quarter with 184,101 visits recorded (target 149,000). This is the highest membership and swimming lesson figures recorded for a quarter. An increase of 59,770 from Q3. Annual attendances achieved 559,524 against a target of 596,000. A significant recovery in a covid affected year.
RES 04 - Deliver a health intervention for 258 new attendees per year	Transformation Cllr Powell	Failed 2021/22 Covid Affected	Numbers of referrals beginning to pick up and therefore number of completers also, but still affected by Covid 19 situation with limited access to GP's and vulnerable client group. Target Q4 - 64 Actual Q4 - 42 Annual target - 258 Annual actual - 163
RES 28 - Recruit 8 physical activities champions per year	Transformation Cllr Alan Powell	Failed 2021/22 Covid Affected	We have fully re-engaged back into the Clay Cross community and have started to develop a Physical Activity group that will support the recruitment of Physical Activity Champions. We have successfully recruited and retained 3 new walk leaders in Clay Cross.
RES 30 - Provide 10 waste, recycling and environmental advice to schools and community events per year	Operations Cllr Cupit	Failed 2021/22 Covid Affected	Throughout the January to March no education events have been undertaken due to Covid19 restrictions. However, continued education and awareness raising has been undertaken throughout this

			period with customers whose burgundy bin collections may have been delayed due to issues of contamination. Given learning priorities at this time and ongoing social distancing requirements, no school events are anticipated in the near future.
RES 31 - Support at least 6 school climate change projects per year	Transformation <i>Cllr Kenyon</i>	Failed 2021/22 Covid Affected	All eligible local schools were contacted and advised of the scheme. Awards were made to 3 schools (Deer Park Primary, Dronfield Infants School and Dronfield Henry Fanshawe School) whilst one application from another school was ineligible. Many schools have advised that due to the COVID lockdowns their current priorities have been focused on re-establishing educational progress and the fund will be reviewed in light of this.
SER 15 - Deliver 6 Ward walks per year	Operations <i>Cllr Foster</i>	Failed 2021/22 Covid Affected	These have not been organised yet following the Covid Pandemic due to other priorities. We will pick them up in the new corporate year and discuss with members whether they wish to have them.

## Alert

ENV 13 - Increase the number of fixed penalty notices issued for litter and dog fouling offences by 20% by 2023 (Baseline: 2019/20)	Operations <i>Cllr Cupit</i>	Alert	Face to face enforcement patrols resumed part way through the year. Incremental annual targets were set to achieve a 20% increase on the baseline year by 2024-25, however it was unlikely that the overall annual target would be achieved this year as an increase was not achievable within the Covid constrictions and compounded by ongoing staffing gaps throughout the year. All 29 FPNs were for littering. An additional 11 FPNs were served for other environmental issues such as abandoned vehicles and failure to produce. Annual target 21/22= 37 Actual = 29 (*annual target by 24/25 = 42)
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## To Withdraw

ECO 30 - Establish and deliver NED Weekly Apprenticeship hour	Growth Cllr Cupit	To Withdraw	Apprentice Hour has been deemed as not needed by businesses as no businesses has engaged with it. Alternative work to support businesses with apprenticeships is being considered.
SER 03 - <i>Deliver £2m savings through the Transformation Programme by 2023</i>		To Withdraw	Suggest that this target be withdrawn as the Council's efficiency plan is now managed through existing budget monitoring process and reported on quarterly to Members. Note: £1.2m (60% of target) of the target achieved up to July 2020 when the approach was changed. Financial efficiencies are now identified through Finance led, annual 'line-by-line' budget reviews and managed through the efficiency plan.
ENV 08 - Develop a Climate Change Communications Strategy by April 2021	Transformation Cllr Powell/ Cllr Kenyon	To Withdraw	<p>The new climate change communications strategy will accompany the new Climate Change Strategy being led by Partnership Team. Comms continue to raise awareness and support the Council's work on climate change. Examples include the COP 26 campaign, working with soundbites - small videos to be produced over a number of months identifying how residents can access grants, trusted traders, home improvement team etc., promoting the refurbishment at Eckington Swimming Pool -highlighting the 66% carbon reductions at the centre.</p> <p>As noted this is a supplementary task to the production of the new Climate Change Strategy which is currently being developed alongside the county strategy. The Comms team is proactively publicising items and features on climate change / carbon reduction. As such it makes sense to withdraw this target and build in targets from the new Climate Change Strategy when approved.</p>



## Full Council Plan Target Listing

**Aim: Our Economy - Creating a business friendly District that develops skills and jobs**

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
ECO 02 - Process all major planning applications 10% greater than the National Target per annum.	Operations Cllr Cupit	On track	<p>During quarter 4 (2021/2022) 9 major applications were determined with 7 determined within the statutory period. Target 70%. Actual 78%</p> <p>During the (nationally measured) monitoring period just ended for April 2020/March 2022, to date 73 major applications have been determined with 63 determined within the statutory period. This represents 86.3% exceeding the 60% (national) target.</p> <p>In the next monitoring period (April 2021/March 2023) to date 35 major applications have been determined with 28 determined within the statutory period. This is 80%.</p> <p>The nationally set criteria have not been updated since Dec 2020 and covered the period up to September 2021. It is therefore currently unclear how future performance will be measured. However, the performance will continue to be monitored in accordance with the existing criteria.</p>
ECO 03 - Process all non-major planning applications 10% greater than the National Target per annum.	Operations Cllr Cupit	On track	<p>During quarter 4 (2021/2022) 151 non-major applications were determined with 131 determined within the statutory period. This represents 86.8% and above the 70% nationally set target.</p> <p>During the (nationally measured) monitoring period just ended for April 2020/March 2022, to date 1519 non major applications have been determined with 1273 determined within the statutory period. This represents 83.8%</p>

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
			<p>exceeding the 70% (national) target.</p> <p>In the next monitoring period (April 2021/March 2023) to date 796 non major applications have been determined with 632 determined within the statutory period. This is 79.4%.</p> <p>The nationally set criteria have not been updated since Dec 2020 and covered the period up to September 2021. It is therefore currently unclear how future performance will be measured. However, the performance will continue to be monitored in accordance with the existing criteria.</p>
ECO 07 - Deliver 3 engagement events annually to support business	Growth <i>Cllr Kenyon</i>	Achieved 2021/22	<p>Killamarsh job fair took place 3rd Feb, mainly to support recruitment of leisure staff to coincide with opening of refurbished centre in Killamarsh. 15 local employers and training providers attended and most employers had multiple vacancies. 52 people attended the event. Leisure had a great response for the majority of posts as follows</p> <ul style="list-style-type: none"> <li>• Café Assistant - 13</li> <li>• Sports Assistant - 10</li> <li>• Healthy Lifestyle Instructor - 7</li> <li>• Gymnastics Instructor- 0 (anticipated this, just was hopeful someone may have call in)</li> <li>• Generic Interest - 3 most signposted to NEDDC Jobs webpage</li> </ul> <p>Future events are taking place as follows:  Eckington, 12th May, 10 - 12  Holmewood 7th July 10 - 12  Dronfield 29th September 10 - 12  2021/22 - 4 events held</p>

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
ECO 13 - Hold 4 events annually to foster effective links with further and higher education establishments	Growth <i>Cllr Kenyon</i>	Failed	No webinars have taken place this quarter however work continues with Derby University and Chesterfield College on the Clay Cross Enterprise and Skills Hub. Promotion of the University of Sheffield student research programme via social media has taken place this quarter. 2 events held 2021/22
ECO 15 - Deliver a bi-annual jobs fair to support jobs and skills	Growth <i>Cllr Kenyon</i>	Achieved 2021/22	Killamarsh job fair took place 3rd Feb, mainly to support recruitment of leisure staff to coincide with opening of refurbished centre in Killamarsh. 15 local employers and training providers attended and most employers had multiple vacancies. 52 people attended the event. Leisure had a great response for the majority of posts as follows <ul style="list-style-type: none"> <li>• Café Assistant - 13</li> <li>• Sports Assistant - 10</li> <li>• Healthy Lifestyle Instructor - 7</li> <li>• Gymnastics Instructor- 0 (anticipated this, just was hopeful someone may have call in)</li> <li>• Generic Interest - 3 most signposted to NEDDC Jobs webpage</li> </ul> <p>Future events are taking place as follows:  Eckington, 12th May, 10 - 12  Holmewood 7th July 10 - 12  Dronfield 29th September 10 - 12</p> <p>Clay Cross job fair and a virtual job fair also delivered in 2021/22</p>
ECO 25 - Lead on reviews of Town Centres and larger settlements through Government funded programmes such as the One Public Estate, Town Deal and future opportunities	Growth <i>Cllr Cupit</i>	On track	Draft masterplans in place for Eckington and Killamarsh, it is expected to prepare a bid to the levelling up fund for Eckington. Draft masterplan approved for Dronfield civic centre area. Business cases for Clay Cross Town Deal

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
			progressing well. £2.5m awarded from the Shared Prosperity fund
ECO 29 - Reduce the number of complaints in relation to town centre cleanliness	Operations <i>Cllr Cupit</i>	On track	Zero complaints were received in this period (January to March) which is within the baseline (1 per month\ 4 per quarter) target established in 2020\21 period.
ECO 30 - Establish and deliver NED Weekly Apprenticeship hour	Growth <i>Cllr Cupit</i>	To Withdraw	Apprentice Hour has been deemed at not needed by businesses as no businesses has engaged with it. Alternative work to support businesses with apprenticeships is being considered.
ECO 31 - Implement and manage an annual programme of capital improvements to council owned business premises to attract and retain business clients (Measure by % completion of annual programme)	Growth <i>Cllr Renwick</i>	On track	Spend up to 11/03/2022 = 95,742.55 (18.92%) Cumulative 75.25%  Annual Capital budget of £506k - Rolled Projects, Mill Lane external improvements (gutter replacements / cabin removal) £43,000.00, Killamarsh SC car park £25,000.00, Industrial Unit personnel door / window replacement £15,000.00, Committed (works in progress) £33,061.38, Surplus £9,186.07
ECO 32 - Increase revenue from business centre meeting bookings by 10% each year to maximise the use of these district facilities (Baseline: 2019/20)	Growth <i>Cllr Renwick</i>	On Track	2018/19 - Total revenue £13,491 2019/20 - Total revenue £,9429 2020/21 - Total revenue £225 2021/22 Total revenue to end Q4 (March 2022) £16,848 (+£3357 over 2018/19) +24.88% uplift from pre covid
ECO 33 - Support at least 25 businesses each year through effective signposting and advice	Growth <i>Cllr Kenyon</i>	Achieved 2021/22	The dedicated business advisor at the D2N2 Growth Hub continues to offer a wide range of business support. The type of enquiries are now less for Covid related support and more for general growth issues. The service has also been extended to the end of June 2022. Over 300 NEDDC businesses supported. Activity includes Covid support, general growth advice and a rolling programme of free business support workshops. NEDDC

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
			officers offer parallel support and advice on skills, business premises, recruitment, apprenticeships etc.

**Aim: Our Environment - Protecting and promoting the character of our District**

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
ENV 05 - Deliver 2 proactive planning enforcement exercises per year	Operations <i>Cllr Cupit</i>	Failed 2021/22	The Planning Enforcement team is working on two proactive enforcement cases. One being districtwide exercise of, enforcement and removal of unauthorised signs and banners. The second stems from an investigation on an unrelated nearby site. Unauthorised storage of seemingly scrap vehicles and metal has been found in a significant area of woodland cutting formerly used as a garden nursery. 0 Exercises completed 2021/22
ENV 08 - Develop a Climate Change Communications Strategy by April 2021	Transformation <i>Cllr Powell/ Cllr Kenyon</i>	To withdraw	The new climate change communications strategy will accompany the new Climate Change Strategy being led by Partnership Team. Comms continue to raise awareness and support the Council's work on climate change. Examples include the COP 26 campaign, working with soundbites - small videos to be produced over a number of months identifying how residents can access grants, trusted traders, home improvement team etc., promoting the refurbishment at Eckington Swimming Pool - highlighting the 66% carbon reductions at the centre. As noted this is a supplementary task to the production of the new Climate Change Strategy which is currently being developed alongside the county strategy. The Comms team is proactively publicising items and features on climate change / carbon reduction. As such it makes sense

			to withdraw this target and build in targets from the new Climate Change Strategy when approved.
ENV 09 - Develop and deliver 2 climate change community information events per year	Transformation Cllr Kenyon	Achieved 2021/22	Climate Change Community Information content was part of the NEDDC Meet the Council events held in Eckington (27.09.21) and Clay Cross (05.10.21).
ENV 10 - Deliver 1 climate change training event for Parish Councils per year	Transformation Cllr Kenyon	Achieved 2021/22	The annual training session was led by the Home Improvement Co-ordinator DPLG on 18 March 2022.
ENV 13 - Increase the number of fixed penalty notices issued for litter and dog fouling offences by 20% by 2023 (Baseline: 2019/20)	Operations Cllr Cupit	Alert	April. Face to face enforcement patrols resumed part way through the year. Incremental annual targets were set to achieve a 20% increase on the baseline year by 2024-25, however it was unlikely that the overall annual target would be achieved this year as an increase was not achievable within the Covid constrictions and compounded by ongoing staffing gaps throughout the year. All 29 FPNs were for littering. An additional 11 FPNs were served for other EH issues such as Abandoned vehicles and failure to produce. Annual target 21/22= 37 Actual = 29 (*annual target by 24/25 = 42)
ENV 14 - Undertake 15 litter picks and Love Where You Live initiatives per year	Operations Cllr Cupit	Achieved 2021/22	April. 3 out of the 4 planned during Quarter 4 took place. In addition, 3 other patrols have been added onto Quarter 4 data, as these had been recorded late earlier in the year and didn't meet the reporting deadlines for the Quarter they actually took place in. Overall the service carried out 16 proactive patrols, which was 1 more than the target.  16 - Achieved 2021/22
ENV 16 - Measure %age of all reports of fly-tipping referred for investigation to be responded to within 3 working days (set baseline in 19/20 for 20/21 onwards)	Operations Cllr Cupit	Achieved 2021/22	April. 37 out of 39 were responded to within 3 working days. Figures have been updated retrospectively as the report used to collate this indicator was set up to include some pollution control requests which shouldn't have been. Overall performance for the year was above target at 94%

ENV 17 - Measure %age of cases of waste crime (Duty of Care and fly-tipping) where sufficient evidence to prosecute has been identified, are progressed to legal services, with a prosecution file, within 60 days (set baseline in 19/20 for 20/21 onwards)	Operations Cllr Cupit	Failed 2021/22	<p>April 1 legal case which did not meet the 90 day target. Overall throughout the year there have been 4 legal cases, none of which had prosecution files prepared within 90 days. Due to an unfilled vacancy and unexpected staff turnover in the Environmental Enforcement Team, processing case files has been impacted. The new approach to recording and monitoring prosecution case files has been delayed due to IT system configuration errors which have been raised with the IT provider. It is expected this will be implemented in 2022/23. The recruitment challenges in the team have now been resolved and as such from April 2022/23 all new cases should meet the 90 day target timescale</p> <p>Target 100% Actual 0%</p>
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#### Aim: Our Residents - Enhancing our residents' quality of life

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
RES 01 - Whist maintaining high quality leisure facilities, reduce the annual subsidy of the leisure service year on year.	Transformation Cllr Powell	On Track	<p>Participation has been excellent though Q4 with 184,101 visits recorded. The pool at Eckington re-opened on 27th December and activities have returned to normal. Some snag works and M&amp;E works continue. SPLC dry side business is improving but wet attendance has gone past pre-covid. Works at Killamarsh have started and are expected to be complete by July 2022 (on site). While much refurbishment is taking place the facilities continue to improve month on month. We have just recorded the highest ever membership and swimming lesson figures.</p>



Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
RES 02 - Run 12 community initiatives per year	Transformation Cllr Powell	Achieved 2021/22	Q4 update: Fairy Trail via Love Exploring Forever Active session Family Taster Sessions x6 Total No of sessions – 15
RES 03 - Increase participation in leisure activities at leisure centres by 5000 visits per year	Transformation Cllr Powell	Failed 2021/22 Covid Affected	Participation has been excellent through this quarter with 184,101 visits recorded (target 149,000). This is the highest membership and swimming lesson figures recorded for a quarter. An increase of 59,770 from Q3. Annual attendances achieved 559,524 against a target of 596,000. A significant recovery in a covid affected year.
RES 04 - Deliver a health intervention for 258 new attendees per year	Transformation Cllr Powell	Failed 2021/22 Covid Affected	Jan, Feb, March, Numbers of referrals beginning to pick up and therefore number of completers also, but still affected by current Covid 19 situation with limited access to GP's and vulnerable client group. Target Q4 - 64 Actual Q4 - 42 Annual target - 258 Annual actual - 163
RES 05 - Deliver the PALS service to 40 residents per year and report on the socio economic and health benefits	Transformation Cllr Powell	Failed 2021/22 Covid Affected	PALS service has been COVID affected however the officer is still supporting 3 active clients via the scheme, however the scheme is now taking a whole system approach and has been successful in pulling together a partnership group that will look at improving the Health and Wellbeing of local residents. Quarter 4 successes have included: Forever Active launch, Fairy Trail launch at Holmgate and Sharley Park that supported a partnership approach to delivery using local organisation to add value to the outdoor trail through workshops and refreshments. Delivery of the



Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
			Family Taster sessions supported by the Clay Cross HFG.
RES 06 - Deliver the 10 week, 560 Lifestyle Programme to at least 12 schools across the District (10,000 students per year)	Transformation Cllr Powell	On Track	<p>During this period the team have delivered the 10 week lifestyles programme to a further 3 primary schools over this period. Resulting in 17 primary schools to date.</p> <p>Throughput to date is below the annual target due to smaller groups accessing the programme due to school bubbles during COVID. Year-end figures are a throughput of 4,935 variance -5065 however the programme does not conclude until the academic year finishes in July</p>
RES 07 - Deliver additional lunch time or after school PE clubs in at least 6 schools per year.	Transformation Cllr Powell	On Track	<p>We are currently delivering to 6 primary schools and are back to pre covid delivery.</p> <p>The throughput of pupils attending these sessions is 3862 pupils for Q4 of the year.</p> <p>Q1 - 2,468 Q2 - 2,505 Q3 - 3,366 Q4 - 3,862 To date 12,201</p>
RES 09 - Deliver the Corporate Communications Strategy Action Plan by 2023	Transformation Cllr Powell	On track	On target, progressing actions as planned. Utilising customer feedback from Citizens Panel survey conducted Nov 21 to inform content of the news, its look and how we engage with our residents. Service performance and actions being evaluated in line with feedback received to ensure we are using best practice methods, using our own content and limiting amount of promotional material and encouraging two way conversation and engagement.

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
			Advertising in the NEWS progressing, meeting with two companies (March 22) to discuss income to supplement the cost of the NEWS.
RES 12 - Improve the overall performance and usability of the website by achieving a minimum score of 90% using the Silktide* tool by Dec 2022.	Transformation <i>Cllr Powell</i>	On track	<p>86 Great Content Quality of content in this website</p> <p>93 Excellent Accessibility Compliance with accessibility standards</p> <p>87 Excellent User Experience Rate this website's user experience (UX)</p> <p>86 Great Marketing Effectiveness of website marketing</p>
RES 16 - Ensure home ownership models to equate to 25% of affordable homes requirement on new developments	Growth <i>Cllr Renwick</i>	On track	The Council continues to work with developers to encourage a diverse range of affordable housing products including shared ownership and discounted market sale. The final figures are currently being collated and will be ready at the end of April, however early indications show that home ownership models equate to more than 25% of affordable homes on new

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
			developments, indicating that this target is on track to be achieved.
RES 18 - Reduce rough sleeping to zero by 2023	Growth <i>Cllr Renwick</i>	On track	<p>In <u>2021/22</u> we recorded a total of 6 people sleeping rough in the district</p> <p>Homelessness prevention - Cases opened</p> <p>Total number of prevention cases opened - 135</p> <p>Total number of relief cases opened - 88</p> <p>Total cases opened - 223</p> <p>60% of cases opened in 2021/22 were at the prevention stage</p> <p>The National average is 55%</p> <p>We successfully closed 199 cases where we prevented homelessness or secured accommodation for households that were homeless already.</p> <p>123 successful interventions at the prevention stage</p> <p>76 successful interventions at the relief stage</p> <p>Our annual success rate is 89% for prevention and relief cases combined</p> <p>86% of relief cases (opened vs closed) achieved a positive outcome</p> <p>91% of prevention cases (opened vs closed) achieved a positive outcome</p> <p>It is important to have a high percentage of positive prevention &amp; relief outcomes. At the prevention stage households are threatened with homelessness so it is vital that we are able to intervene to prevent homelessness from happening in the first place. At the relief stage households are already homeless so a speedy resolution and access to secure housing is needed to save expensive temporary accommodation costs.</p>

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
			Having a high success rate at the prevention stage means that we were able to help people remain in their home. Managing high levels of prevention cases costs less money for the council. Keeping people in their own accommodation means less money spent on Temporary Accommodation and hotels.
RES 20 - Create at least 4 apprenticeship opportunities by 2023	Operations <i>Cllr Foster</i>	On track	Opportunities are being explored within Housing and other services at present.
RES 21 - Invest in voluntary and community organisations to assist over 20,000 vulnerable and disadvantaged households per year	Transformation <i>Cllr Powell</i>	On track	Confirmed figures for 20/21 are have been adjusted to 20,206 households assisted following collation of CAG monitoring and addition of 1,225 recorded beneficiaries.  21/22 reported numbers will be available in Q1 22/23.
RES 22 - Re-sign and launch the Armed Forces Covenant and deliver the action plan by 2023	Transformation <i>Cllr Powell</i>	On track	Flyer to promote the Council's support to the Armed Forces Community distributed to every household in the District with Council Tax correspondence. Currently 103 residents registered.
RES 23 - Develop an Older People's Strategy by September 2020 and deliver the Action Plan by 2023	Transformation <i>Cllr Powell</i>	On track	28 people developed their digital skills and confidence through the Digital Connect project, 19 of whom accessing online services for the first time.
RES 24 - Develop the British Sign Language Action Plan by April 2020 for implementation in full by December 2023	Transformation <i>Cllr Dale</i>	On track	Arrangements are being made for an engagement event with the deaf community in May 2022 at Dronfield Leisure Centre. Most of the action plan has been achieved now.
RES 26 - Support at least 20 projects per year through the Community Action Grants Fund	Transformation <i>Cllr Powell</i>	Achieved 2021/22	8 projects have been awarded a total on £2,990.50 within the quarter. Within the year 25 projects have been approved, totalling £10,598.69. Regular promotion of successful projects through NEDDC social media is ongoing.

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
RES 27 - Support at least 4 initiatives per year led by volunteers	Transformation <i>Cllr Kenyon</i>	Achieved 2021/22	6 Groups were assisted in depth within the year: Holmgate Darby & Joan Club, St Paul's Happy Circle' (Dronfield), Grassmoor Friendship Club, Wingerworth Men's Shed Group, SCAMWhere? and Dronfield 2gether. The Public Health funded Community Development Worker role ended within the quarter and alternative solutions for signposting to support are being sought.
RES 28 - Recruit 8 physical activities champions per year	Transformation <i>Cllr Alan Powell</i>	Failed 2021/22 Covid Affected	We have fully re-engaged back into the Clay Cross community and have started to develop a Physical Activity group that will support the recruitment of Physical Activity Champions. We have successfully recruited and retained 3 new walk leaders in Clay Cross.
RES 30 - Provide 10 waste, recycling and environmental advice to schools and community events per year	Operations <i>Cllr Cupit</i>	Failed 2021/22 Covid Affected	Throughout the January to March no education events have been undertaken due to Covid19 restrictions. However, continued education and awareness raising has been undertaken throughout this period with customers who's burgundy bin collections may have been delayed due to issues of contamination. Given learning priorities at this time and ongoing social distancing requirements, no school events are anticipated in the near future.
RES 31 - Support at least 6 school climate change projects per year	Transformation <i>Cllr Kenyon</i>	Failed 2021/22 Covid Affected	All eligible local schools were contacted and advised of the scheme. Awards were made to 3 schools (Deer Park Primary, Dronfield Infants School and Dronfield Henry Fanshawe School) whilst one application from another school was ineligible. Many schools have advised that due to the COVID lockdowns their current priorities have been focused on re-establishing educational progress and the fund will be reviewed in light of this.

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
RES 32 - Monitor performance against the corporate equality objectives and publish information annually	Transformation <i>Cllr Dale</i>	On Track	Equalities awareness training delivered to new employees this quarter. Results of the survey conducted with Members over Council Chamber accessibility shared with the Governance Manager. The team have looked into mainstreaming the UK Relay service into the Council's revised Access for All statement. The service run by BT is free to customers and supports those with hearing and/or speech difficulties to contact organisations via text. A number of hate incidents reports have been supported by the team this quarter.

**Aim: Our Services - Delivering high quality, cost effective services by engaging with residents, partners and Council staff**

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
SER 02 - Deliver 4 employee liaison meetings annually	Operations <i>Cllr Foster</i>	On track	These are continuing as planned and a further meeting has taken place this quarter
SER 03 - <i>Deliver £2m savings through the Transformation Programme by 2023</i>	Transformation	To withdraw	Suggest that this target be withdrawn as the Council's efficiency plan is now managed through existing budget monitoring process and reported on quarterly to Members. Note: £1.2m (60% of target) of the target achieved up to July 2020 when the approach was changed. Financial efficiencies are now identified through Finance led, annual 'line-by-line' budget reviews and managed through the efficiency plan.
SER 04 - Deliver 100 hours leadership training per year	Operations <i>Cllr Foster</i>	On track	Training provision on Leadership skills is continuing with a project plan established to cover this area of Organisational Development

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update
<p>SER 05 - Ensure that at least 50% of transactions are made through digital channels by Dec 2024</p>	<p>Transformation <i>Cllr Kenyon</i></p>	<p>Digital transactions for Q3 of 2021-22 is 53.5% (up 2.3% on last quarter)</p> <p>Q4 and annual totals (which include some figures collected annually, not quarterly) are TBC (awaiting ATP and web payments figures). Officer to update Perform as soon as they are in.</p> <p>Baseline (Q1 2018-19 is 29.98%).</p> <p>The digital percentage has increased significantly over the year and we continue to meet, and exceed the 50% target.</p> <p>The number of contact directly to the contact centre has increased, but there has been an overall increase, including online so this hasn't affected the percentages.</p> <p>The number of emails received in Q4 had dropped considerably so this should help increase the Q4 and annual figures, once all the data is returned.</p> <p>Webchat was re-introduced at the end of December though the figures remain low in comparison with other contact methods.</p> <p>Work around promoting digital services needs to continue. Consideration needs to be given to the cost and quality of each transaction type. We could remove the need for email with online 'contact us' forms which could then be more easily monitored and reported on to establish what customers are emailing us about.</p>

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
			<p>Digital transactions counted are all Self Service, automated telephone and online payments, kiosk payments etc. Non-Digital is calls, face to face, webchat, email, text etc taken by contact centre only (no other reliable stats have been provided).</p> <p>This target has been reached and could be marked as complete, however as more services submit their data, the figures will fluctuate, therefore it would be prudent to keep working on this target and reporting on the progress</p>
SER 06 - Provide self-service access to all service areas by 2023	Transformation <i>Cllr Kenyon</i>	On track	<p>All service areas who would previously have had online forms (downloadable from website or web forms) are using Self Service for customer facing services/applications.</p> <p>Environmental Health and Streetscene, Revenues, HR, Leisure, Communications, Planning, Economic Development, ICT and Governance, Elections all use Self Service.</p> <p>The need for COVID-19 related forms and online services still continues with new forms required Jan 2022, as well as for energy rebates etc.</p>
SER 11 - Increase the number of pre-court and court enforcement actions taken by Community Safety	Operations <i>Cllr Renwick</i>	On track	<p>Quarter 4 10 x CPW's 1 x CPN</p> <p>1 x CBO still pending</p> <p>Annual figures Community Protection Warning's - 39 Community Protection Notice - 9</p>



Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder		Q4 2021/22 Progress Update
			Fix penalty notice - 2 Acceptable Behaviour Contract's - 4 (Police tend to take the lead on these now through the YET Team)
SER 12 - Ensure that monthly car parking patrols are undertaken outside schools within the District	Cllr Cupit Operations	Failed 2021/22 Covid Affected	Due to vacancies, the Enforcement Team was staffed by just 3 Enforcement Officers working across both Councils, with one retiring in January. The Service recognises the value of parking patrols and remains committed to resuming this initiative when resources are available. However this initiative carries no enforcement powers, duties or responsibilities, and relies on having face-to-face discussions with parents which carried additional risks during the Covid situation. Staffing issues are currently being resolved to enable this initiative to be taken forward in 22/23
SER 15 - Deliver 6 Ward walks per year	Operations Cllr Foster	Failed 2021/22 Covid Affected	These have not been organised yet following the Covid Pandemic due to other priorities. We will pick them up in the new corporate year and discuss with members whether they wish to have them.
SER 16 - Attend 4 Parish Council Meetings per year	Operations Cllr Foster	Achieved 2021/22	This is now being dealt with through the District and Parish Liaison meeting plus training aimed at Parish Councils in relation to the ethical framework.
SER 18 - Review the Council's Petition Scheme by Annual Council 2020	Operations Cllr Mark Foster	Achieved behind target	Achieved but after target date. The review went to and was endorsed by Standards Committee in January 2022. It will be agreed at Council on 25 April as formal change to the Constitution.
SER 19 - Achieve a combined recycling and composting rate of 50% by March 2023	Operations Cllr Cupit	On track	Waste Data Flow information is estimated on like performance at ending March 2021, in particular as WDF information will not be available until ending July 2022. It is estimated 3,373 tonnes of recyclable\ compostable wastes will be diverted, yielding a combined estimated recycling rate of 37 % between January 2022 and March

Council Plan Target (Target date 31/03/23 unless stated otherwise)	Directorate/ Portfolio Holder	Q4 2021/22 Progress Update	
			2022. Q1, Q2, Q3 & Q4 periods yielding an anticipated combined recycling rate of around 46 %.
SER 20 - Place 2 recycling promotions in NEDi News annually	Operations <i>Cllr Cupit</i>	Achieved 2021/22	Article to be placed in Spring edition of The News informing of green bin collections resuming and promoting waste recycling (Burgundy Bin) to facilitate increased waste diversion from the residual waste (Black Bin) stream, reducing reliance of landfill and/or heat treatment. Also, included with this edition will be promotion of the Keep Britain Tidy Spring Clean initiative and the Council's arrangements to support local community group litter picks
SER 21 - Undertake Local Environmental Quality Surveys to establish 96% relevant land surveyed meets grade B or higher cleanliness standards in line with Code of Practice for Litter and Refuse	Operations <i>Cllr Cupit</i>	On track	LEQS's established 2.89 % of streets and relevant land surveyed fell below grade B cleanliness standards resulting in 96% meeting the 96% annual target resulting in Q1 to Q4 combined performance of 3.72 %.
SER 22 - Undertaking cleansing of all District estate roads at least 4 times per year	Operations <i>Cllr Cupit</i>	Achieved 2021/22	Urbanised housing estate street cleansing is scheduled on quarterly frequencies and performance is measured by way of operational cleansing program returns. However, impact of long term sickness and covid absence continue to have an impact of service delivery in certain areas of District.

## North East Derbyshire District Council

### Audit and Corporate Governance Scrutiny Committee

11 May 2022

#### Corporate Debt as at 31 March 2022

#### Report of the Assistant Director – Finance & Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick – Assistant Director – Finance & Resources  
(S151 Officer)

Contact Officer: as above

#### PURPOSE/SUMMARY

- To present to Members of the Audit and Corporate Governance Scrutiny Committee a summary of the corporate debt position at 31 March 2022.

#### RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee note the report concerning the Council's corporate debt position as at 31 March 2022.

#### IMPLICATIONS

##### Finance and Risk

Yes ✓ No

Appendix 1 details the current position regarding corporate debt.

On Behalf of the Section 151 Officer

##### Legal including Data Protection

Yes No ✓

There are no legal implications arising directly from this report.

On Behalf of the Solicitor to the Council

##### Staffing

Yes No ✓

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	N/A
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	N/A
<b>Has the relevant Portfolio Holder been informed</b>	N/A
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

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## **REPORT DETAILS**

### **1 Corporate Debt Position**

- 1.1 This report updates Members of the Audit and Corporate Governance Scrutiny Committee on the current position in relation to corporate debt.
- 1.2 Appendix 1 contains details of the debt position in relation to sundry debtors, overpaid housing benefits and rents.

### **2 Reasons for Recommendation**

- 2.1 To ensure the Audit and Corporate Governance Scrutiny Committee are informed of the latest position concerning the Council's debt.

### **3 Alternative Options and Reasons for Rejection**

- 3.1 There are no alternative options for consideration.

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## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Corporate Debt as at 31 March 2022

**Background Papers** (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)

**Report Author**

**Contact Number**

Jayne Dethick – Assistant Director – Finance and Resources (S151 Officer)

01246 217078

## APPENDIX 1: TABLE 1

### Aged Debt Reporting – Sundry Debtors

Debt Outstanding as at	Current Debt	90 – 365 Days	1 to 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ years	Total	Write Offs
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Average Debt 2015/16	972	201	76	27	23	33	25	1357	14
Average Debt 2016/17	1551	104	68	49	16	21	32	1839	58
Average Debt 2017/18	781	71	43	21	19	9	26	970	11
Average Debt 2018/19	852	64	112	19	9	10	24	1090	41
Average Debt 2019/20	605	39	22	22	16	7	24	871	3
Average Debt 2020/21	1,954	216	32	25	12	23	25	2,287	9
Average Debt 2021/22	1,096	171	95	25	8	4	34	1,433	40

## APPENDIX 1: TABLE 2

### Aged Debt Reporting – Overpaid Housing Benefits

Debt Outstanding as at	Current Debt	90 to 365 days	1 to 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years	Total	Write offs
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Average Debt 2015/16	182	336	263	172	160	133	209	1,445	76
Average Debt 2016/17	173	332	346	203	123	128	241	1,546	144
Average Debt 2017/18	141	318	322	256	157	105	283	1,582	89
Average Debt 2018/19	104	263	291	253	201	138	340	1,589	38
Average Debt 2019/20	75	137	259	247	212	173	425	1,527	68
Average Debt 2020/21	59	95	146	194	223	186	622	1,525	10
Average Debt 2021/22	91	62	135	133	173	181	760	1,535	0

**HRA total Indebtedness**

Debt Outstanding as at	Total	Write Offs in Year
	£000	£000
Average Debt 2015/16	2,203	266
Average Debt 2016/17	2,023	178
Average Debt 2017/18	2,028	203
Average Debt 2018/19	1,807	162
Average Debt 2019/20	1,928	208
Average Debt 2020/21	1,938	116
Average Debt 2021/22	1,785	158



## SUMMARY OF PROVISION FOR DOUBTFUL DEBTS 2021/22

	General Fund Sundry Debtors	Over Paid Housing Benefit	HRA Rents	Total
	£000's	£000's	£000's	£000's
Balance B/Fwd	(229)	(1,374)	(1,147)	(2,750)
Write offs in current financial year	40	0	158	198
Actual increase in provision	0	0	0	0
<b>Provision C/Fwd</b>	<b>(189)</b>	<b>(1,374)</b>	<b>(989)</b>	<b>(2,552)</b>
Current Debt position	1,433	1,535	1,785	4,753
Percentage Coverage	13%	90%	55%	54%

## North East Derbyshire District Council

### Audit and Corporate Governance Scrutiny Committee

11 May 2022

#### Scrutiny of Treasury Management Investments

#### Report of the Assistant Director – Finance & Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick – Assistant Director – Finance & Resources  
(S151 Officer)

Contact Officer: as above

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#### PURPOSE/SUMMARY

To provide information to the Audit and Corporate Governance Scrutiny Committee on the current portfolio of cash investments along with alternative options for scrutiny.

#### RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee consider the information and options presented in the report and make any recommendations that they believe to be appropriate to the Cabinet.

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#### IMPLICATIONS

##### Finance and Risk

Yes ✓ No

Contained within the report

On Behalf of the Section 151 Officer

##### Legal including Data Protection

Yes No ✓

None arising

On Behalf of the Solicitor to the Council

##### Staffing

Yes No ✓

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

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## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC:</i> <i>Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC:</i> <i>Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	N/A
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	N/A
<b>Has the relevant Portfolio Holder been informed</b>	N/A
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

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## **REPORT DETAILS**

### **1 Scrutiny of Treasury Management Investments**

1.1 Following scrutiny of the Treasury Management monitoring report at its last meeting (Appendix 1), the Committee asked for an update on the Council's treasury management investments for scrutiny. The policy that governs how the Council can invest its cash is encompassed within the Treasury Management suite of strategies which is approved at Council each year. This suite comprises three strategies:

- The Treasury Management Strategy which provides the framework for managing the Council's cash flows, borrowing and investments for the period.
- The Capital Strategy which is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services.

- The Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management

The purpose of this review is to consider the Council's cash investments so the main focus in this report will be on the Treasury Management Strategy.

- 1.2 The Treasury Management Strategy (Appendix 2) sets out the parameters for all borrowing and lending as well as listing all approved borrowing and investment sources. Prudential indicators aimed at monitoring risk are also included. All transactions are conducted in accordance with this strategy and the CIPFA Treasury Management Code of Practice.
- 1.3 Over recent years, investment options for local authorities have become much more tightly controlled by regulation and borrowing purely for yield is now prohibited by the PWLB. This ban relates to all of a local authority's borrowing requirements not just that planned for the investment. The revised Prudential Code requires much more robust metrics to demonstrate that risk management of investments is in place and there is a requirement to demonstrate that investment risk is proportionate to financial capacity – in effect plausible losses should be capable of being absorbed in budgets or reserves without unmanageable detriment to services.
- 1.4 Knowing when to invest or indeed borrow can be a challenge especially during periods of economic volatility like we are currently experiencing. Interest rates have been at all-time lows for a number of years now affecting investor returns. There have been a number of small incremental increases over recent months and these are forecast to continue until the middle of 2023 (1.5% predicted high) then level out again.
- 1.5 Interest rate increases are largely to counteract rising inflation which is expected to continue to rise to a peak of 7.25% in the coming months, reflecting the increase in global prices. The contribution to inflation from higher energy prices is currently expected to decline to zero by the start of 2023 but the ongoing unrest in the Ukraine may impact on this. Goods price inflation is also expected to fall over the next 18 months and current economic forecasts are for inflation to fall back to target by the end of 2023 then drop below target during 2024.
- 1.6 The Council has diversified its investment portfolio over the past 18 months, moving away from very low interest bank deposits to money market funds which not only have a better yield but also remove the risk of "bail in". These are still short term, liquid investments though with low yield so investing with other local authorities and registered providers for a longer duration (2-5 years) has been undertaken which has increased the yield a little.
- 1.7 The current return at 0.7% however is still lower than the national average across local authorities of 1.95%. This is because the Council's investment portfolio is almost entirely made up of short dated, liquid funds, carrying little risk or volatility. A move to higher returns will require a willingness to accept moderately more risk and commit to longer term investments, even if this means external borrowing will need to be undertaken as a result. Building a portfolio that diversifies investments where higher return/volatility is combined with lower risk helps to balance the overall risk.

### Consideration of Options

- 1.8 Having considered the Council's current position and the desire to consider options to increase yield through a moderate increase in risk/duration, our treasury management advisors have recommended a number of investment options to consider that would be best suited to our investment needs and that can be undertaken within our existing Treasury Management Policy.
- 1.9 Detailed below are a range of investment options that have a good track record of performance over the medium term (5+ years). It is important to recognise when monitoring performance of these funds that they may appear to be under performing in the early years of the investment, there may be times when return is lower than expected or even negative during their life.

### Multi Asset Income Bonds

- Recommended investment duration 3 – 5 years
- Aims to provide income return over the medium term
- Minimum investment £1m
- Indicative return after 5 years – 2.8% -4%

### Property Funds

- Recommended investment duration 5 years
- Aims to provide income return over the medium term
- Minimum investment £1m
- Indicative return after 5 years – 3.7% - 4.3%

### Real Estate Investment Trusts (REIT's)

- Recommended investment duration 5 years
  - Aims to provide income return over the medium term
  - Minimum investment £1m
  - Indicative return after 5 years – up to 5%
- 1.10 Using the working assumption that investing whilst minimising the need to borrow externally, provides a sum of £5m to be invested initially. Further investment could then be considered on an ongoing basis as part of the treasury management monitoring processes in place.

## **2 Reasons for Recommendation**

- 2.1 The Council's treasury management investment portfolio is almost entirely made up of short dated, liquid funds, carrying little risk or volatility. A move to higher returns is therefore an aim. This will require a willingness to accept moderately more risk and commit to longer term investments. Building a portfolio that diversifies investments where higher return/volatility is combined with lower risk helps to balance the overall risk.

#### 4 Alternative Options and Reasons for Rejection

4.1 To maintain the current low risk, low yield strategy.

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#### DOCUMENT INFORMATION

Appendix No	Title
1 2	Treasury Management Monitoring Treasury Management Strategy
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Jayne Dethick – Assistant Director – Finance and Resources (S151 Officer)	01246 217078

**Treasury Management Activity April – December 2021/22****PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £149.238m at 1<sup>st</sup> April 2021. During the first three quarters of 2021/22 £2.150m has been repaid to the PWLB so the balance at 31<sup>st</sup> December 2021 is £147.087m. During the current financial year no new loans have been taken out with the PWLB. The profile of the outstanding debt is analysed as follows: -

<b>PWLB Borrowing</b>	<b>Maturity Profile 31 March 2021 £'000</b>	<b>Maturity Profile 31 December 2021 £'000</b>
<b>Term</b>		
12 Months	2,205	55
1 - 2 years	111	111
2 - 5 years	19,222	19,222
5 - 10 years	18,470	18,470
10 - 15 years	36,140	36,140
Over 15 years	73,090	73,090
<b>Total PWLB Debt</b>	<b>149,238</b>	<b>147,088</b>

**PWLB Interest**

The interest cost to the Council of the PWLB debt for 2021/22 is shown in the table below. The cost is split between the HRA and General Fund based on the level of debt outstanding within the CFR.

<b>Date</b>	<b>Amount Paid to PWLB £'000</b>
Accrued Interest re 2020/21	(46)
22 <sup>nd</sup> September 2021	108
23 <sup>rd</sup> September 2021	27
28 <sup>th</sup> September 2021	2,136
29 <sup>th</sup> September 2021	362
Accrued Interest re 2021/22	1,333
<b>Total Paid</b>	<b>3,920</b>

**Temporary Borrowing**

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During the current year to date short term borrowing from the Council's own bank hasn't incurred any interest charges. At the 31<sup>st</sup> December 2021 the Council had no temporary borrowing in place.

## Temporary Investments

The tables below detail the short term investments made during the first three quarters of 2021/22: -

Bank Name	Duration of Loan	B/Fwd 01/04/21 £000's	Amount Invested 2021/22 £000's	Amount Returned 2021/22 £000's	Balance Invested 30/09/21 £000's	Interest Received 31/12/21 £000's
Federated Fund 3	Call	3,000	0	(0)	3,000	(0)
Federated GBP 3	Call	2,000	0	(0)	2,000	(0)
Aberdeen Standard	Call	5,000	1	(1)	5,000	(1)
CCLA Public Sector Deposit Fund	1 Day Call	5,000	1	(1)	5,000	(1)
Aviva	Call	5,000	1	(1)	5,000	(1)
Invesco	Call	5,000	1	(1)	5,000	(1)
JP Morgan	Call	3,000	9,000	(7,000)	5,000	(0)
Goldman Sachs	Call	5,000	4,000	(9,000)	0	(0)
SSGA	Call	0	5,000	(5,000)	0	(0)
Debt Management Account Deposit Facility	Various	0	25,000	(25,000)	0	(0)
London Borough of Croydon Council	12 Months	3,000	3	(3,003)	0	(3)
Ashford Borough Council	12 Months	0	5,000	(0)	5,000	(0)
Lancashire County Council	12 Months	0	5,001	(1)	5,000	(1)
<b>Total</b>		<b>36,000</b>	<b>53,008</b>	<b>(49,008)</b>	<b>40,000</b>	<b>(8)</b>

## Overnight Investments

The balance of the daily surplus funds can be placed as overnight investments with the Councils bank which is Lloyds. The maximum amount invested with Lloyds in the first three quarters of the financial year was £4.986m. There has been no breach of the £5m limit set in the Treasury Management Strategy. For clarity, this limit relates to the amount invested and doesn't include interest accruing as a result.

## Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	Actual 2021/22 £'000	Set Limits 2021/22 £'000
Authorised Limit (total Council external borrowing limit)	198,183	202,762
Operational Boundary	193,183	197,761





**North East  
Derbyshire**  
District Council

## **North East Derbyshire District Council**

### **Treasury Management Strategy 2022/23 – 2025/26**

#### **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 are 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 a different report, the Investment Strategy.

#### **External Context**

- 1.4 **Economic background:** The ongoing impact on the UK from coronavirus, 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.
- 1.5 The Bank of England (BoE) increased Bank Rate at 0.25% in December 2021 while 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. 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 Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to

be higher than previously forecast, with 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.

- 1.6 UK CPI for November 2021 registered 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% while the employment rate rose to 75.5%.
- 1.7 In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.
- 1.8 Gross Domestic Product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial, 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%. The Q3 gain was modestly below the consensus forecast of a 1.5% quarter on quarter rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP reading suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.
- 1.9 GDP Growth in the euro zone increased by 2.2% in calendar Q3 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, the fourth month of successive increases from July's 0.7% year on year. 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%.
- 1.10 The US economy expanded at an annualised rate of 2.1% in Q3 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 they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.
- 1.11 **Credit outlook:** 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 and had steadily edged down throughout the year up until mid-November when the

emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

- 1.12 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.
- 1.13 Looking ahead, while 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.
- 1.14 **Interest rate forecast:** The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 1.15 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
- 1.16 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 for short and medium-term yields are initially to the upside but shifts lower later, while 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.
- 1.17 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.
- 1.18 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 0.01%, and that new long-term loans will be borrowed at an average rate of 2%.

### Local Context

1.19 On 30<sup>th</sup> November 2021, the Council held £147.1m of borrowing and £34.0m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

**Table 1: Balance sheet summary and forecast**

	<b>31/3/21 Actual £m</b>	<b>31/3/22 Estimate £m</b>	<b>31/3/23 Forecast £m</b>	<b>31/3/24 Forecast £m</b>	<b>31/3/25 Forecast £m</b>	<b>31/3/26 Forecast £m</b>
General Fund CFR	13.4	17.0	18.3	16.8	13.7	10.6
HRA CFR	169.8	173.4	175.2	177.0	178.8	180.6
<b>Total CFR</b>	<b>183.2</b>	<b>190.4</b>	<b>193.5</b>	<b>193.8</b>	<b>192.5</b>	<b>191.2</b>
Less: Other debt liabilities *	0	0	0.3	0.2	0.1	0.1
<b>Loans CFR</b>	<b>183.2</b>	<b>190.4</b>	<b>193.8</b>	<b>194.0</b>	<b>192.6</b>	<b>191.3</b>
Less: External borrowing **	(149.2)	(147.0)	(147.2)	(145.0)	(140.8)	(139.8)
Internal borrowing	34.0	43.4	46.6	49.0	51.8	51.5
Less: Balance sheet reserves	(70.0)	(67.4)	(58.3)	(59.0)	(61.8)	(61.5)
<b>Investments</b>	<b>36.0</b>	<b>24.0</b>	<b>11.7</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

\* leases that form part of the Council's total debt.

\*\* shows only loans to which the Council is committed and excludes optional refinancing

1.20 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

1.21 The Council has an increasing CFR due to commitments within the capital programme and also loans for Northwood Group Ltd and Rykneld Homes Ltd. The forecast level of reserves means that the majority of borrowing throughout this period is likely to be from internal resources.

1.22 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.

- 1.23 **Liability benchmark:** 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**

	<b>31/3/20 Actual £m</b>	<b>31/3/21 Estimate £m</b>	<b>31/3/22 Forecast £m</b>	<b>31/3/23 Forecast £m</b>	<b>31/3/24 Forecast £m</b>	<b>31/3/25 Forecast £m</b>
<b>CFR</b>	<b>183.2</b>	<b>190.4</b>	<b>193.8</b>	<b>194.0</b>	<b>192.6</b>	<b>191.2</b>
Less: Balance sheet reserves	(70.0)	(67.4)	(58.3)	(59.0)	(61.8)	(61.5)
<b>Net loans requirement</b>	<b>113.2</b>	<b>123.0</b>	<b>135.5</b>	<b>135.0</b>	<b>130.8</b>	<b>129.7</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.0
<b>Liability Benchmark</b>	<b>123.2</b>	<b>133.0</b>	<b>145.5</b>	<b>145.0</b>	<b>140.8</b>	<b>139.7</b>

### **Borrowing Strategy**

- 1.24 The Council currently holds £149.2m of loans, a decrease of £0.3m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in **Table 1** shows that the Council does not expect to need to borrow 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 £203.8m.
- 1.25 **Objectives:** 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.
- 1.26 **Strategy:** 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.
- 1.27 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

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.

- 1.28 The Council has previously raised all of its long-term borrowing from the 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 PWLB loans.
- 1.29 Alternatively, the Council may arrange forward starting loans, 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.
- 1.30 In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.
- 1.31 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan 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 County Council Pension Fund)
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 1.32 **Other sources of debt finance:** 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
- 1.33 **Municipal Bonds Agency:** 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 Council.

- 1.34 **LOBOs:** The Council doesn't hold or intend to hold any LOBO (Lender's Option Borrower's Option) loans.
- 1.35 **Short-term and variable rate loans:** 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).
- 1.36 **Debt rescheduling:** 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.

### **Treasury Investment Strategy**

- 1.37 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £33.0m and £48.0m, and similar levels are expected to be maintained in the forthcoming year.
- 1.38 **Objectives:** 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.
- 1.39 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.
- 1.40 **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England 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 will 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.

- 1.41 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2022/23. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits, local authorities, registered providers and money market funds. This diversification will represent a continuation of the strategy currently adopted.
- 1.42 **Business models:** Under the new 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.
- 1.43 **Approved counterparties:** 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**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Secured investments *	25 years	£5m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£20m
Registered providers (unsecured) *	5 years	£5m	£20m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£20m
Real estate investment trusts	n/a	£5m	£20m
Other investments *	5 years	£5m	£20m

- 1.44 \* **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.

- 1.45 For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.
- 1.46 **Government:** Loans to, and 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 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.
- 1.47 **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.
- 1.48 **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.
- 1.49 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, 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), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 1.50 **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 to cash at all times.

- 1.51 **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.
- 1.52 **Real estate investment trusts:** 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.
- 1.53 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 1.54 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept at £5m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 1.55 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 1.56 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 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.

- 1.57 **Other information on the security of investments:** 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.
- 1.58 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 via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This may cause investment returns to fall, but will protect the principal sum invested.
- 1.59 **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £23.3 million on 31st March 2022. In order that no more than 21.5% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 1.60 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £5 million in operational bank accounts count against the relevant investment limits.
- 1.61 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries 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**

	<b>Cash limit</b>
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£5m per country

- 1.62 **Liquidity management:** The Council uses its own cash flow forecasting techniques 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.
- 1.63 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.

### **Treasury Management Indicators**

- 1.64 The Council measures and manages its exposures to treasury management risks using the following indicators:
- 1.65 **Security:** 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 applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

<b>Credit risk indicator</b>	
Portfolio average credit rating	<b>Target &lt;3.0</b>
Current portfolio average credit rating on investments	<b>Actual 1.45</b>

- 1.66 **Liquidity:** 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 three month period, without additional borrowing.

<b>Liquidity risk indicator</b>	<b>Amount available</b>
Total cash available within 3 months	£32m

- 1.67 **Interest rate exposures:** 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:

Interest rate risk indicator	Limit each year
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.5m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£1.5m)

- 1.68 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.
- 1.69 **Maturity structure of borrowing:** 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:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	90%	0%

- 1.70 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.
- 1.71 **Principal sums invested for periods longer than a year:** 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:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£20m	£20m	£20m

### **Related Matters**

- 1.72 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 1.73 **Financial Derivatives:** 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).

- 1.74 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.
- 1.75 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.
- 1.76 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.
- 1.77 **Markets in Financial Instruments Directive:** 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 Chief Financial Officer believes this to be the most appropriate status.
- 1.78 **Financial Implications:** The General Fund budget for investment income in 2022/23 is £0.003m with the HRA budget for investment income in 2022/23 being £0.007m, based on an average investment portfolio of £22.0m at an average interest rate of 0.04%. The General Fund budget for debt interest paid in 2022/23 is £0.459m with the HRA budget for debt interest paid in 2022/23 being £4.729m, based on an average debt portfolio of £147.0m at an average interest rate of 3.53%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

### **Other Options Considered**

- 1.79 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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**

### **Economic & Interest Rate Forecast (Arlingclose October 2021)**

#### **Underlying assumptions:**

- The global recovery from the 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 GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs 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 CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December 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 – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the 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 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.



- While Q2 UK GDP expanded more quickly than initially thought, the ‘pingdemic’ and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support
- Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher
- The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increase in wages is possible given the pressures on businesses.
- Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled-down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.
- The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

### **Forecast:**

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but 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 Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for 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 and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	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
<b>Official Bank Rate</b>													
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
<b>3-month money market rate</b>													
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
<b>5yr gilt yield</b>													
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
<b>10yr gilt yield</b>													
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
<b>20yr gilt yield</b>													
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
<b>50yr gilt yield</b>													
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 & Debt Portfolio Position**

	<b>30/11/21 Actual Portfolio £m</b>	<b>30/11/21 Average Rate %</b>
<b>External borrowing:</b>		
Public Works Loan Board	147	3.53
<b>Total external borrowing</b>	<b>147</b>	<b>3.53</b>
<b>Total other long-term liabilities:</b>	<b>0</b>	<b>0</b>
<b>Total gross external debt</b>	<b>147</b>	<b>3.53</b>
<b>Treasury investments:</b>		
The UK Government	0	0.00
Local authorities	5	0.15
Banks (unsecured)	0	0.00
Money Market Funds	29	0.01
<b>Total treasury investments</b>	<b>34</b>	<b>0.03</b>
<b>Net debt</b>	<b>113</b>	

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**11 May 2022**

**Committee Work Programme 2021/2022**

**Report of the Assistant Director of Governance and Monitoring Officer**

**Classification:** This report is public

**Report By:** Alan Maher

**Contact Officer:** Alan Maher – 01246 217391

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**PURPOSE / SUMMARY**

To enable the Audit and Corporate Governance Scrutiny Committee to review the Work Programme for the remainder of the municipal year 2021/2022.

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**RECOMMENDATIONS**

1. That the Committee notes and approves the Audit and Corporate Governance Scrutiny Work Programme for the remainder of the 2021/2022 municipal year as set out in the attached **Appendix 1**.

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**IMPLICATIONS**

**Finance and Risk:** Yes ☒ No ☐

**Details:**

Risk - the development of a Work Programme for the Audit and Corporate Governance Scrutiny Committee will provide an appropriate structure to assist and support the Committee's work. This will help to ensure that the Committee continues to operate effectively and that the Council's governance/scrutiny and accountability arrangements remain robust. The Programme is designed to allow the Audit and Corporate Governance Scrutiny Committee to continue its flexible approach to its and consider work the range of matters which are within its remit. There are no financial issues arising from the report.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes ☐ No ☒

**Details:**

There are no legal issues or Data Protection matters arising directly from this report.

On Behalf of the Solicitor to the Council

**Staffing:**      Yes ☐      No ☒

**Details:**

There are no staffing issues arising from the report.

On behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Decision Information</b>	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>NEDDC:</b> <b>Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/></b> <b>SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/></b> <b>Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Yes  Details: Members of the Audit and Corporate Governance Scrutiny Committee

**Links to Council Ambition (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.**

None.

## REPORT DETAILS

### 1 Background

- 1.1 The Audit and Corporate Governance Scrutiny Committee considers a range of financial and governance issues on a regular basis. Given the number of matters that are examined by the Committee it is appropriate that an Annual Work Programme continues to be in place.
- 1.2 The Work Programme is set out in the attached **Appendix 1**. It should be recognised that the work plan is a live document to which matters may be added or removed as appropriate and approved by the Committee, including standing items.
- 1.3 The Work Programme enables Members to give structured consideration as to whether the proposed agenda items are appropriate and serve to meet the objectives of the Committee. That question needs to be considered in the light of the Council's Constitution, Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on the role of an Audit Committee and established good practice.

### 2. Details of Proposal or Information

- 2.1 To enable the Audit and Corporate Governance Scrutiny Committee to review the Work Programme for the remainder of the municipal year 2021/22.

### 3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the remainder of the 2021/22 municipal year.

### 4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

## DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme 2021/22
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
<a href="#">Click here to enter text.</a>	

**AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE: PROPOSED  
WORK PROGRAMME**

<b><u>DATE OF MEETING</u></b>	<b><u>ITEM</u></b>
22 September 2021	<ul style="list-style-type: none"> <li>• Summary of Internal Audit Reports</li> <li>• Monitoring the Implementation of Internal Audit Recommendations</li> <li>• Performance Management</li> <li>• Corporate Debt</li> <li>• Financial Monitoring</li> <li>• Internal Audit Consortium Annual Report</li> <li>• External Review of Internal Audit</li> <li>• Annual Statement of Accounts and Going Concern Report 2020-21</li> <li>• Annual Governance Statement and Code of Corporate Governance 2020/21</li> <li>• Audit Completion Report 2020/21</li> <li>• Letter of Representation 2020/21</li> <li>• Risk Management</li> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Review of Work Programme</li> </ul>
03 November 2021	<ul style="list-style-type: none"> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Corporate Debt (including update on Housing Benefit overpayments)</li> <li>• Financial Monitoring Q2</li> <li>• Revised Budgets</li> <li>• Anti Fraud and Corruption Strategy</li> <li>• Evaluate the Effectiveness of the Audit and Corporate Governance Committee</li> <li>• Review of Work Programme</li> </ul>
1 December 2021	<ul style="list-style-type: none"> <li>• Summary of Internal Audit Reports</li> <li>• Monitoring the Implementation of Internal Audit recommendations</li> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Performance Management Q2</li> <li>• Ethical Investments review</li> <li>• Financial Resilience benchmarking</li> <li>• PSAA contract for External Audit Services</li> </ul>

	<ul style="list-style-type: none"> <li>• Impact and value that the audit committee had had on the rest of the Council</li> <li>• Cybersecurity</li> </ul>
12 January 2022	<ul style="list-style-type: none"> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Medium Term Financial Plan 2021/22 – 2025/26</li> <li>• Treasury Management Strategies 2021/22 – 2025/26</li> <li>• Risk Management Q3</li> <li>• Corporate Debt Q3</li> <li>• Discussion with a member of the Growth Directorate</li> <li>• Update on progress made implementing the external action plan</li> <li>• Section 106 Audit</li> <li>• Review of Work Programme</li> </ul>
23 February 2022	<ul style="list-style-type: none"> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Summary of Progress on the Annual Internal Audit Plan</li> <li>• Monitoring the Implementation of Internal Audit Recommendations</li> <li>• S106 Report Planning</li> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Performance Management Q3</li> <li>• Proposed Accounting Policies 2021/22</li> <li>• Updated Risk Register</li> <li>• Review of Work Programme</li> <li>•</li> </ul>
11 May 2022	<ul style="list-style-type: none"> <li>• Report of the External Auditor – Audit Plan 2022/23</li> <li>• Report of the External Auditor – Progress report and Technical Update</li> <li>• Summary of Progress on the Annual Internal Audit Plan</li> <li>• Monitoring the Implementation of Internal Audit Recommendations</li> <li>• Overview of the Council's projects and financial considerations</li> <li>• Internal Audit Plan 2022/23</li> <li>• Digital Transformation Report</li> <li>• Report on consideration of the Council's investments (in relation to the Investment Strategy)</li> <li>• Performance Management Q4</li> <li>• Risk Management Q4</li> <li>• Corporate Debt Q4</li> <li>• Work Programme</li> </ul>