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09 March 2022

To: All Councillors

As a Member or Substitute of the **Governance & Resources Committee**, please treat this as your summons to attend a meeting on **Thursday 17th March** at **6.00pm** in the **Council Chamber, Town Hall, Matlock DE4 3NN**.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'James McLaughlin'.

James McLaughlin
Director of Corporate and Customer Services

AGENDA

1. APOLOGIES/SUBSTITUTES

Please advise the Committee Team on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence and substitute arrangements.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

20 January 2022

3. PUBLIC PARTICIPATION

To enable members of the public to ask questions, express views or present petitions, **IF NOTICE HAS BEEN GIVEN**, (by telephone, in writing or by email) **BY NO LATER THAN 12 NOON OF THE WORKING DAY PRECEDING THE MEETING**. As per Procedural Rule 14.4 at any one meeting no person may submit more than 3 questions and no more than 1 such question may be asked on behalf of one organisation.

4. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council's Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close friends.

Interests that become apparent at a later stage in the proceedings may be declared at that time.

5. QUESTIONS PURSUANT TO RULE OF PROCEDURE NUMBER 15.

To answer questions from Members who have given the appropriate notice.

Page No.

6. EXTERNAL AUDITOR'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 04 - 26

This report presents the External Auditor's Annual Report, which summarises the work that has been undertaken for the year ended 31 March 2021.

7. INTERNAL AUDIT 2022/23 OPERATIONAL PLAN 27 - 32

This report asks the Committee to review and agree the proposed Internal Audit Operational Plan for 2022/23.

8. ARREARS FOR WRITE OFF 33 - 38

This report provides information about debtor write offs authorised by the Director of Resources under delegated authority in accordance with the Council's Financial Regulations and seeks approval for the write off of individual debts exceeding £10,000 in accordance with the Council's Financial Regulations.

9. JOINT CONSULTATIVE GROUP: MINUTES 39 - 41

To receive the Minutes of the Joint Consultative Group meeting held on 2nd December 2021.

10. EXCLUSION OF PUBLIC AND PRESS

At this point the Committee will consider excluding the public and press from the meeting for the remaining item of business for the reasons shown in italics.

(The following report is exempt because it contains information relating to any particular person including the Council and the business affairs of the Council.)

11. RESPONSE TO CLEVELAND AND REDCAR RANSOMWARE ATTACK CASE STUDY 42 - 48

This report provides an update and recommendations in response to the Cleveland & Redcar Ransomware Attack Case Study and seeks approval for additional expenditure associated with the recommendations.

Members of the Committee – Councillors: Jacqueline Allison, Robert Archer, Sue Bull, David Chapman (Vice Chairman), Paul Cruise, Tom Donnelly (Chairman), Steve Flitter, Helen Froggatt, Alyson Hill, Susan Hobson, Michele Morley, Dermot Murphy, Garry Purdy, Mike Ratcliffe, Claire Raw, Alasdair Sutton and Colin Swindell.

Substitutes – Councillors: Jason Atkin, Mathew Buckler, Richard FitzHerbert, Chris Furness, Dawn Greatorex, David Hughes, Stuart Lees, Peter O'Brien and Steve Wain.

Governance and Resources Committee

17 March 2022

Report of the Director of Resources

EXTERNAL AUDITOR'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

PURPOSE OF REPORT

This report presents the External Auditor's Annual Report, which summarises the work that has been undertaken for the year ended 31 March 2021.

RECOMMENDATION

1. That the External Auditor's Annual Audit Report for the year ended 31 March 2021 is received.
2. That, subject to the approval of Public Sector Audit Appointments Limited, the additional audit fee of £4,308 is approved and that Council be requested to approve a supplementary revenue estimate of £8,500 for 2021/22 (in respect of work on the 2020/21 statements).

WARDS AFFECTED

None

STRATEGIC LINK

A high quality and cost effective external audit should provide reassurance that the Council's arrangements for financial management (including the preparation of the financial statements) and its use of resources are satisfactory. This should minimise financial risks which, consequently, minimises the risk of disruption to services and supports the achievement of many of the Council's aims and priorities.

1 REPORT

- 1.1 The Council's external auditors, Mazars LLP, have issued their Annual Audit Report, which summarises the audit work completed in relation to the 2020/21 audit year. A copy of the report is shown at Appendix 1.
- 1.2 The Annual Audit Report for the year ended 31 March 2021 is consistent with the Audit Completion Report that was presented to the Committee on 18 November 2021, but now includes the outcome of the auditor's assessment on Value for Money arrangements. The key issues in the report are:
 - **Audit Opinion on the financial statements** - unqualified opinion issued on the Authority's financial statements for 2020/21;

- **Value For Money (VFM) arrangements** – the auditor has reviewed the Council’s arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021. No significant weaknesses in arrangements were identified and there are no recommendations arising from the work;
- **Audit Certificate** – Mazars have not yet received group instructions from the National Audit Office and are unable to issue the audit certificate until this is formally confirmed;
- **Questions from electors** – The external auditors did not receive any questions or objections from electors (or electors’ representatives) in respect of the Council’s financial statements for 2020/21.
- **Statutory reporting** – The external auditor has not issued a report in the public interest or made statutory recommendations to the Council;
- **Whole of Government Accounts** - the external auditor has not yet received group instructions from the National Audit Office in respect of the Whole of Government Accounts Assurance Statement. Therefore the auditors are unable to issue the audit certificate until this work has been completed.
- **Audit Fees** – In section 4 of the Annual Audit Report the auditor presents details of 2020/21 fees total £43,897. This total includes a fee increase of £4,308 (over the fee for 2019/20), which comprises:

Additional fees in respect of the new approach for assessing value for money arrangements	£6,000
Additional fees in respect of new requirements relating to accounting estimates	£2,500
A fee reduction in respect of one-off items in the 2019/20 financial statements	-£4,192
Total	£4,308

These fees are subject to the approval of Public Sector Auditor Appointments (PSAA) Limited, which manages the contracts for this work.

2 RISK ASSESSMENT

2.1 Legal

The legal provisions are contained within the main body of the report. The legal risk is therefore low.

2.2 Financial

The revised budget for 2021/22 includes £35,397 for audit work relating to the 2020/21 accounts. Therefore, if the additional fees are approved by this committee, the increase of £8,500 (in respect of VFM arrangements and work on accounting estimates) would need to be referred to Council for approval of a supplementary revenue estimate for

2021/22, financed from the General Reserve. The financial risk is assessed as low.

3 OTHER CONSIDERATIONS

3.1 In preparing this report, the relevance of the following factors has also be considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

3.2 Climate change: No detailed climate change impact assessment required.

Recommendation One provides an update for information only.

Recommendation Two has no perceived climate change impacts.

4 CONTACT INFORMATION

Karen Henriksen - Director of Resources,

Telephone: 01629 761284,

Email: karen.henriksen@derbyshiredales.gov.uk

5 BACKGROUND PAPERS

None

6 ATTACHMENTS

Appendix 1 – External Auditor’s Annual Audit Report for the year ended 31 March 2021

Auditor's Annual Report

Derbyshire Dales District Council – year
ended 31 March 2021

February 2022



Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities and fees

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of Derbyshire Dales District Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

01

Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

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

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



Opinion on the financial statements

We issued our audit report on 18 November 2021. Our opinion on the financial statements was unqualified.



Value for Money arrangements

In our audit report, issued on the 18 November 2021, we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements. No significant weaknesses in arrangements were identified and there are no recommendations arising from our work.



Wider reporting responsibilities

We have not yet received group instructions from the National Audit Office and we are unable to issue our audit certificate until this is formally confirmed.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We did not receive any questions or objections in respect of the Council's financial statements.

02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 18 November 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

Our Audit Completion Report, presented to the Council’s Governance and Resources Committee on 18 November 2021 provides further details of the findings of our audit of the Council’s financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit.

Qualitative aspects of the Council’s accounting practices

We reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

Draft accounts and supporting working papers were received from the Council on 30 July 2021 before the start of our rescheduled audit work and were of a reasonable quality, however the Council identified that its initial upload of the draft accounts had some issues with regard to the links pulling through which meant some working paper tables were reflected in the draft accounts. It was agreed that an updated set of draft accounts would be uploaded to the Council’s website on 31 August to correct this. The original draft accounts remained on the Council’s website to retain transparency.

As the updated financial statements were available before our audit commenced, we carried out our audit work on the updated statements rather than the original ones. It should be noted that there were no significant differences between the two versions.

Significant difficulties during the audit

We did not encounter any significant difficulties during the course of the audit and we have had the full co-operation of management.

03

Section 03:

Commentary on VFM arrangements

3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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

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

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria. As part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses. We did not identify any significant risks at the planning stage of our audit of Derbyshire Dales District Council.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. There are no significant weaknesses to report.

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

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	9	No	No
Governance	11	No	No
Improving economy, efficiency and effectiveness	14	No	No

3. VFM arrangements – Financial Sustainability

How the Council identifies significant financial pressures that are relevant to its short and medium-term plans

The Council is required to set a balanced budget on an annual basis and to agree a reserves strategy to manage longer-term risk. The Council has developed a Medium Term Financial Strategy (MTFS) covering a 5 year timeframe for 2021/22 to 2025/26. The Medium Term Financial Strategy (MTFS) is reviewed and updated annually. The Council also has a Medium Term Financial Plan (MTFP), which is updated on a rolling basis and presented to Members for approval in March, July and November/December each year. The authority uses scenario testing against its MTFP. The plan recognises the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular. The MTFS is supported by corporate mechanisms for consultation e.g. community forums; customer satisfaction surveys; and consultation on the draft budget.

Our review of the MTFP noted that there are uncertainties over the Government spending review and the disruption caused by Covid-19. However, as the MTFP is updated on a rolling basis the plan can be updated as the position becomes clearer.

Budgets are assigned to operational managers who monitor budgets on a regular basis as evidenced by our review of budget reports. Each service is assigned a finance lead to help identify pressures and determine the financial impact. Delta returns to Government help to inform Covid-related financial pressures.

The financial position throughout the period has been communicated to elected Members via the Governance and Resources Committee and the full Council as evidenced by our review of minutes. During 2020/21 the Council faced a number of challenges in successfully managing its financial position, delivering new and existing services during the Covid-19 pandemic whilst also planning for the future. The Council set a balanced revised budget in March 2021 which accounted for the known and expected impacts of Covid-19 as fully as possible at that stage. There was an expectation that a contribution of £695,684 (£490,533 from the Funding Uncertainties Reserve and £205,151 from the General Reserve) would be required to balance the budget. It has not been necessary to fund the 2020/21 out-turn with these contributions and a surplus of £17,873 has been achieved as a result of having received more government grants than anticipated.

The Council's usable reserves have increased by £3.9m to £26.8m. There is a strong focus on financial resilience within the MTFS and ensuring the Council has appropriate reserves, but the funding received in 2021/22 has accelerated this planned process.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council plans to bridge funding gaps and identifies achievable savings

The 5 year MTFS approved in March 2021 identified emerging longer-term pressures. The MTFS is balanced to the end of 2025/26 with efficiency savings of £1.9m required.

The Council has a good track record of identifying and delivering savings and has made savings of over £2.7 m since 1st April 2014. Total savings required in 2021/22 and 2022/23 are £nil and £318k respectively which are not significant in relation to the overall budget of the Council. While there is uncertainty over the Council's future funding position, it is proposed that (while the Council will continue to look for efficiency savings) there will be a hold on any significant service reductions until the outcome of the funding / business rates reviews is known. It is considered that the Council has sufficient reserves and balances that would be available to address any immediate funding reduction, giving a period of time to consider the required action in the event of significant funding cuts.

The MTFS does not rely on any contributions from reserves apart from those reserves which are earmarked for specific purposes.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

A corporate plan has been developed for 2020 to 2024. There are 3 broad priority areas:

- People - providing a high quality customer experience;
- Place - keeping the Derbyshire Dales Clean, Green and Safe; and
- Prosperity - supporting better homes and jobs.

The MTFS recognises the ongoing pressure the Council faces and the potential impact on service delivery. In-year monitoring reports detail the pressures faced by the Council, whether savings are being achieved, and if resources need to be redirected to areas of need. Our review of the MTFS did not identify a reliance on 'one off' measures to balance the budget.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Financial Sustainability

How the Council ensures that its financial plan is consistent with other plans

Cost of pay awards are estimated and revised as part of budget setting. Salary budgets are linked to structure establishments and new recruitments have to be approved to ensure that there is sufficient base budget in place to fund the post. The Council liaises with the Pension Fund on a triennial basis to review the employers contribution rates.

The Treasury Management Strategy and Capital Strategy are updated on a regular basis and set out how the Council manages risks and benefits associated with cash-flow, treasury management and borrowing. The strategy sets out how the Council can fund a multi-year capital programme in a financially sustainable way using a series of prudential indicators to monitor the position. This is supported by 'Business Case' documentation to ensure capital projects go through a robust business case documentation process and the revenue implications of capital investment decisions are fully considered and form part of the MTFS planning and budget setting process. These plans and strategies are considered and approved by the Council alongside MTFS and budget decisions each year.

Other operational planning and its impact on the MTFS is also considered, together with the opportunities for working with other local authorities. Risk management is also considered in terms of financial plans and the strategic risk- register is regularly updated and reported to the Governance and Resources Committee in an annual report.

The Governance and Resources Committee and Council consider the updated financial position at various stages throughout the year and this allows for Member scrutiny and challenge. The latest MTFP update was considered by the Council at their November 2021 meeting.

Savings plans are risk assessed to advise Members of the potential impact with proposals being risk assessed for impact on communities and service delivery. We have considered the savings initiatives undertaken in recent years with no weaknesses identified.

The annual MTFS process includes reviewing the Council's earmarked reserves. We confirmed a review was completed in 2020/21 to ensure funding set aside remains in line with strategic and statutory priorities of the Council. This is evidenced in the reports presented to the Governance and Resources Committee and Council during the financial year.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council identifies and manages risks to financial resilience

The MTFS recognises the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services. The plan includes consideration of the impact of Covid, although there is still a lot of uncertainty generated by the pandemic. Our review of the MTFS shows that there is no evidence that assumptions are unrealistic or that there is unplanned or heavy reliance of reserves to cover unplanned spend. The Council models its income and expenditure over the MTFS and builds in known pressures.

A key focus of this medium-term financial strategy is to promote financial resilience and sustainability. The proposed revenue budget is balanced across the term of the financial plan with no reliance on reserves or one-off income to fund permanent spend commitments and the MTFS looks to protect and replenish the Council's reserve levels where possible. Our review of the MTFS has not identified any significant weaknesses in arrangements.

The Council has a good record of delivering planned savings, and the adoption of prudent MTFS planning assumptions up to 2025/26, provide comfort that the Council has a sustainable financial position for the immediate future. Our review of savings plans and assumptions within the MTFS has not identified any significant weaknesses in arrangements.

The improvement in the reserves position has provided the Council with more financial resilience. Whilst this was in part due to the receipt of covid grants funding in 2020/21, the replenishment of reserves was always a focus of the MTFS with financial resilience a key factor.

The Council has an established risk management framework and the Governance and Resources Committee receives regular risk management updates. We reviewed the reports presented to the Governance and Resources Committee and Council during 2020/21 which reported the forecast outturn position. These reports contain evidence of a clear summary of the Council's performance, detailing significant variances and providing adequate explanation of the causes. Our review did not indicate a weakness in the Council's risk management and budget monitoring and reporting arrangements.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Governance

How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council's Head of Internal Audit is engaged from an internal audit consortium that specialises in local government provision. The Council directly employs a Senior Internal Auditor and an Internal Auditor. The Internal Audit Plan and Head of Internal Audit Report is reviewed by the Council's Governance and Resources Committee. As detailed in the plan, the Council uses a risk-based approach to determine the priorities of the internal audit activity, consistent with the Council's objectives.

We confirmed that the Governance and Resources Committee received regular updates on the Audit Plan. Internal Audit reviews highlight weaknesses and recommend actions when required to strengthen processes or procedures. These are regularly reported to the Governance and Resources Committee which holds management to account where weaknesses are identified. The Governance and Resources Committee monitors management actions in response to recommendations and this is reported on a regular basis. The Governance and Resources Committee challenges management if recommendations are not implemented within the agreed timeframe.

The Internal Audit Annual Report was presented to the Governance and Resources Committee meeting in July 2021 and the overall opinion on the framework of governance, risk management and control operating at the Council is that it provides reasonable assurance although further work was required in terms of the audit review of data protection arrangements, for which actions were agreed. Based on our discussions with the Head of Internal Audit, our review of the audit plan, audit reports and our attendance at the Governance and Resources Committee where they were discussed we have not identified any significant weaknesses in arrangements.

The Council has a Risk Management Policy and Strategy that is periodically reviewed, amended and approved by the Governance and Resources Committee. The departmental risk registers covering operational risks are reviewed, updated and challenged regularly and presented to the Corporate Leadership Team and reported to the Governance and Resources Committee as confirmed from our attendance at meetings and review of agendas and papers.

The Council has implemented a Code of Governance, and has published this alongside the Council's Annual Governance Statement. As part of our audit procedures we considered the Council's Annual Governance Statement. This included consideration of the Statement and our cumulative audit knowledge. We identified no matters indicating a significant weakness in arrangements.

Procurement and financial-decision-making are subject to suitable levels of segregation of duty to ensure approvals and oversight of financial activity is maintained. As evidenced through the contract procedure rules, financial regulations and scheme of delegation as set out in the Constitution.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council approaches and carries out its annual budget setting process

The MTFS recognises the risks and uncertainties facing the Council in terms of future cost pressures, funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular. The MTFS is supported by consultation with local authority partners and stakeholders. We have reviewed the budget setting arrangements through observation and discussions with officers. No matters have been identified indicating a significant weakness in arrangements. Overall the Council is aware of the financial pressures it faces.

How the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

We have reviewed Governance and Resources Committee and Council minutes and confirmed there was reporting of the financial position during the 2020/21 financial year. This included detail of movements in the budget and forecast outturn. The reports detailed the in-year pressures as well as planned mitigations. The outturn position was not significantly different to that reported to Members during the year, after taking account of additional COVID-19 grants funding, and did not indicate a weakness in arrangements.

The Council has a good record of delivering against its budget and this is evidence of effective arrangements for budgetary control. The Chief Finance Officer is a member of the Corporate Leadership Team and attends key Committee meetings. There is a delegated framework of financial accountability, including identified senior managers to be responsible for financial performance in each service area and a financial reporting timetable for monitoring. The MTFS sets out the Council's approach to meeting corporate savings targets and helps to ensure the Council identifies and implements efficiency and savings opportunities..

Budget Managers are provided with relevant training to undertake their role as budget managers and are provided with budget monitoring information on a regular basis. Each department is provided with a dedicated finance resource to provide advice and support on business decisions. Finance staff also take budget monitoring information into service team meetings for review.

3. VFM arrangements – Governance

The financial statements timetable is prepared each year and was delivered in 2020/21. Our audit of the financial statements did not identify any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

Decisions are made in accordance with the Constitution and Scheme of Delegation. Financial procedure rules set the parameters for decision-making on capital investments. Proposals are considered by the Corporate Leadership Team (CLT). The Council uses a business case methodology. Business cases template include details of the project manager, project objectives, scope, outputs, benefits, timescale, resources required (financial & personnel), governance arrangements, prioritisation score (against corporate plan priorities), assessment of data protection & ICT issues, risk assessment & CLT decision. Once approved by CLT this business case forms the basis of a report to the relevant committee or Council.

The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Financial regulations state that “No expenditure introducing major continuing liabilities to the Council, particularly new projects which involve financial commitments in future years, new policy or extension of services, may be incurred without prior consultation with the Director of Resources and the approval of Council either through the budget or separately in the course of the financial year.”

Most day-to-day decisions are made by policy committees. Approval of the revenue budget and capital programme is reserved to full Council. In addition, senior officers of the Council make decisions under delegated authority. The Council’s constitution outlines how the Council operates and makes decisions. All reports for policy committees and full Council include legal and financial risk assessments. Reports are challenged by the Corporate Leadership Team and at the Chair’s Briefings, prior to inclusion on meeting agendas. Equality Impact assessments are required to ensure that the Council does not discriminate against certain groups or individuals, especially those who are disadvantaged or vulnerable.

The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.

At Governance and Resources Committee, elected members review progress against objectives and through the monitoring of financial and performance information. The Committee manages its work to enable members to look in more detail at individual topics, making recommendations to the Council as appropriate. The Governance and Resources Committee is tasked with ensuring, amongst other things, good stewardship of the Council’s resources and promoting proper internal control by reviewing the Council’s control systems and monitoring its compliance with legislation, relevant standards, codes of practice and policies.

The Council publishes the outcomes from external reviews and inspections and monitors the implementation of any recommended actions through its performance management framework.

The Council implemented measures to ensure that services could continue despite the restrictions arising during the COVID-19 pandemic. The arrangements included live streaming to allow the public to observe Council meetings.

We have reviewed Council minutes in the year and have not identified any evidence of a significant weakness in arrangements. The reports we reviewed support informed decision-making and were clear in the decision or recommendation Members were asked to make.

We have not identified any matters from our review to suggest a significant weakness in the committee structure of the Council. It is designed to provide assurance that decision making, risk and performance management is subject to appropriate levels of oversight and challenge.

Since March 2020 the Council, in common with the whole of the UK, has been affected by the Covid 19 pandemic. In response to the emergency, the Council implemented its Business Continuity Plan and was able to move to remote working where appropriate. The implementation of the Business Continuity Plan has enabled the continuation of the Council’s governance arrangements and enabled its internal system of controls to continue to function. After March 2020 all the Council’s meetings and Committees continued to meet through virtual meetings which were streamed live to the public, before in person meetings resumed.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Governance

How the Council monitors and ensures appropriate standards are maintained

The Council's Constitution is reviewed at least annually and sets out how the Council operates, how decisions are made and the rules and procedures which are followed to ensure that these are efficient and transparent to local people.

There are established codes of conduct for members and officers and a register of gifts and hospitality which is available on the Council's website and supported by relevant training. Related parties are recorded on an annual basis and disclosed in the statement of accounts as well as senior officer remunerations. We considered these disclosures and compared them with the interests declared. Our work did not indicate a significant weakness in arrangements.

The Annual Governance Statement (AGS) is published and reviews the effectiveness of the Council's Governance Framework. Our review of the AGS did not identify any significant weaknesses in arrangements. As noted earlier, a system of scrutiny and oversight is in place and documented in the Annual Governance Statement.

The Council appoint an independent person to support the complaints process in accordance with the requirements of the Localism Act 2011 and publish an Annual Complaints Report which considers the outcome of the complaints raised during the year. The Council also publishes an annual letter from the Local Government Ombudsman.

There is regular reporting of treasury management activity that details the Council's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2020/21 financial year and sets out the Council's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council's finances and we identified no evidence to indicate a weakness in arrangements.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

How financial and performance information has been used to assess performance to identify areas for improvement

The Council has well established and effective processes for reviewing financial and performance information and using this to inform areas for improvement. Key performance indicators (KPIs) are monitored. Corporate targets and KPIs are regularly reviewed and reported to Members, with action being taken to address areas of poor performance to inform service and improvement planning. Performance information is considered by the Governance and Resources Committee and used to inform budget setting and monitoring.

Areas of adverse performance feed into the Council’s strategic risk register where relevant. Our review of the risk register and attendance at Governance and Resources Committee confirms that it covers relevant areas.

The Corporate Leadership Team receive comprehensive financial information to inform the budget setting process. Key members of the Corporate Leadership Team are involved in decision-making around service investment and making savings. Financial reports provide an assessment of the financial outturn position for the year in relation to approved budgets for Revenue, Capital and usable reserves, Collection Fund and Treasury Management issues and also progress against other plans.

The Council has undertaken a review against the CIPFA Financial Management Code, to assess the arrangements it has in place. The Council also undertakes benchmarking exercises to assess areas such as council tax levels. Corporate performance against key performance indicators is also reported. Our work on those reports identified no evidence of a significant weakness in arrangements.

The Council’s financial performance is reported on a regular basis together with details of the financial position along with rationale for any changes and factors to be taken into account. Reports include HR implications and impact assessments as appropriate.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council evaluates the services it provides to assess performance and identify areas for improvement

The Governance and Resources Committee receives performance updates and feedback from inspections.

The Director of Resources includes a statement on the adequacy of reserves and financial resilience in the annual budget report and Medium Term Financial Strategy, reflecting the CIPFA Financial Resilience Index as well as bespoke benchmarking reports from a consultant to compare reserve levels with other councils. Other areas of benchmarking are undertaken. Our review has not identified any significant weaknesses in arrangements.

Performance monitoring takes place across all services and this is supplemented with surveys across the Council’s stakeholders to help improve performance. The Council monitors performance during the year against its Corporate Plan including the monitoring of non-financial key performance information.

Assessment by regulators was limited in the 2020/21 year, partly as a result of the COVID-19 pandemic, but the Council has arrangements in place for responding to any recommendations made as a result of external inspections.

Based on our review of a sample of reports and our understanding of the reporting framework, there is sufficient monitoring, reporting and overall scrutiny of both the performance and the financial position of the Council.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council works with local communities, volunteers, voluntary and community organisations. Some examples include:

- Working in Partnership with volunteers from EMH Care & Support who provide day opportunities for people with learning disabilities and autism;
- The Peak District Partnership (formerly the Local Strategic Partnership) bringing together public, private and voluntary sector organisations working in the Derbyshire Dales and High Peak to deliver a shared vision for the Peak District;
- Budget Consultation and meetings held with different groups to understand stakeholder priorities and ensure priorities and areas for improvement are informed;
- Vision Derbyshire which is a partnership of local authorities across Derbyshire, including Derbyshire Dales District Council, which have joined forces to encourage more people living locally to set up their own companies; and
- The Derbyshire Economic Partnership, which comprises the County Council and eight partner district councils looking to take joint initiatives to improve services and amenities.

The Council uses various channels of communication and feedback mechanisms, including social media to reach out to and meet the needs of its communities. During the pandemic, meetings have been streamed live and recordings of meetings are available on the Council website.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council commissions or procures services, how the Council ensures this is done in accordance with relevant legislation, professional standards and internal policies, and how the Council assesses whether it is realising the expected benefits

Key commissioning and procurement decisions are taken by suitably skilled and trained staff to ensure compliance with legislation, professional standards and internal policies. A local authority procurement team provides advice on all relevant procurement decisions.

The Council has outsourced key functions to provide resilience and cost efficiencies. For example, revenues and benefits and internal audit and counter-fraud services.

During the COVID-19 pandemic councils were required to assess and grant supplier relief in accordance with PPN 02/20. In response the Council set up a robust process to assess claims for relief. Regular updates were provided to Corporate Leadership Team.

There is evidence that the Council has arrangements in place to ensure procurement is in accordance with relevant legislation, professional standards and internal policies.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

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

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

We have not exercised any of these statutory reporting powers.

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

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

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data.

We have not yet received group instructions from the National Audit Office therefore we are unable to issue our audit certificate until this work is completed.

4. Other reporting responsibilities and our fees

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£29,487	£29,487
Recurring increases in the base audit fee arising from regulatory pressures (as reported in the 2019/20 audit)	£5,910	£5,910
Additional fees in respect of the new VFM approach (recurring)	£nil	£6,000
Additional fees in respect of new ISA540 requirements in relation to Accounting estimates and related disclosures (recurring)	£nil	£2,500
Additional one-off fees for specific issues	£4,192	£0
Total fees	£39,589	£43,897

All fees are subject to VAT. All additional fees are subject to Public Sector Auditor Appointments (PSAA) approval.

4. Other reporting responsibilities and our fees

Introduction

Audit of the financial statements

Commentary on VFM arrangements



Other reporting responsibilities and our fees

Gavin Barker, Director – Public Services

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*where permitted under applicable country laws.

Governance and Resources Committee

17th March 2022

Report of Director of Resources

INTERNAL AUDIT 2022/23 OPERATIONAL PLAN

PURPOSE OF REPORT

This report asks the Committee to review and agree the proposed Internal Audit Operational Plan for 2022/23.

RECOMMENDATION

That the proposed internal audit plan for 2022/23 be agreed.

WARDS AFFECTED

None

STRATEGIC LINK

The Audit Plan supports the Council's Corporate Plan values by reviewing service functions and testing and reporting on service quality, internal control, risk management and governance provisions, ensuring that the Council uses public resources responsibly.

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 should be 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.
- 1.2 The Public Sector Internal Audit Standards states that the Head of Internal Audit must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively to be able to provide an opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control. Members and the leadership team need regular assurance that the organisation has good governance and is effectively managing its risks.

2 REPORT

Internal Audit Resource

- 2.1 The internal audit section is now made up of a full time Senior Auditor and a full time Auditor with management support from the Head of the Internal Audit Consortium. The number of operational days available has been calculated by taking the number of

week days in the year and deducting days for annual leave, bank holidays, training, administration, team meetings etc. The new Internal Auditor will be studying by day release for her Association of Accounting Technician examinations.

2.2 The number of days available will enable the section to start catching up on the back log of audits.

Internal Audit Plan

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

- The organisation’s objectives and priorities
- Local and national issues and risks
- The requirement to produce an annual internal audit opinion – adequate coverage of risk, governance and control arrangements
- The Council’s Strategic and Operational Risk Registers
- The views of the Director of Resources and Corporate Leadership Team.

2.4 A summary is detailed below: -

Internal Audit Plan 2022/23

Summary	Planned Audit Days
Main Financial Systems	104
Other Operational Audits	83
Computer / IT Related	10
Corporate / Cross Cutting	74
Special Investigations & Contingency	30
Provision of financial advice	25
Fraud and Corruption	1
Management Service	30
Grand Total	357

3 RISK ASSESSMENT

3.1 Legal

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 into account public sector internal auditing standards or guidance”.

3.2 Financial Risk

There are no financial considerations arising from the report. No formula exists that can be applied to determine internal audit coverage needs. However, as a guide, the

minimum level of coverage is that required to give an annual evidence-based opinion. It is believed that the level of coverage provided by the proposed 2022/23 internal audit plan will be sufficient upon which to base an opinion.

3.3 Corporate Risk

The lack of an adequate internal audit service could lead to a failure to identify weaknesses in governance, control and risk management processes. If sufficient internal audit work is not completed to be able to provide the relevant assurances then a limited internal audit opinion must be given at the year end. This in turn will have to feed into the Annual Governance Statement, may effect external audits opinion on value for money and could lead to non-compliance with the Public Sector Internal Audit Standards. Members and the Corporate Leadership team would not have independent assurance on governance and risk.

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.
- 4.2 Climate Change: There are no perceived climate change impacts as a result of the recommendation to approve the internal audit plan for 2022/23. The proposed plan supports the organisation's objectives and priorities which include those around climate change. The lack of an adequate internal audit service could risk delivery of key projects that will enable the organisation to meet its target to be net zero in respect of its own emissions by 2030, in particular those where external grant funding has been secured.

5 CONTACT INFORMATION

- 5.1 Karen Henriksen, Director of Resources

Telephone 01629 761284; E mail; Karen.Henriksen@derbyshiredales.gov.uk

- 5.2 Jenny Williams, Internal Audit Consortium Manager

Telephone 01246 959770; E mail; Jenny.Williams@Chesterfield.gov.uk

6 BACKGROUND PAPERS

- 6.1 None

7 ATTACHMENTS

- 7.1 Appendix 1 Internal Audit Plans 2020/21 – 2022/23

Appendix 1

Derbyshire Dales District Council Internal Audit Plan

Priority		2020/21 Actual Days	2021/22 Actual Days	2022/23 Planned Days	Risk Factor / Corporate Risk link
	Main Financial Systems				
H/M	Main Accounting and Budgetary Control / MTFP			9	The Council's accounts cannot be produced/ reputational damage / possible lack of control over spending (Strategic Risk 1)
H/M	CIPFA Financial Management Code of Practice	10		5	Lack of financial resilience/ sustainability (Strategic Risk 1)
H/M	Payroll		18	0	Staff are paid incorrectly/ ghost employees created
H/M	Creditor Payments		15	0	Duplicate/ fraudulent payments/reputational (Strategic Risk 6)
H/M	Debtors		10	0	Loss of income
H/M	Treasury Management	10		15	Poor investment decisions / fraud
H	Business Grants	113	99	10	Fraud / error / reputational
M	Cash and Banking			15	Loss of income / theft
H/M	Council Tax	15		10	Loss of income / fraud (Strategic Risk 6)
H/M	Non Domestic Rates	10		20	Loss of income / fraud (Strategic Risk 6)
H	Housing / Council Tax Benefits		15	20	Reputation damage / fraud (Strategic Risk 6)
	Total Main Financial Systems	158	157	104	
	Other Operational Audits				
H/M	Asset Management			12	Poor value for money from assets, assets not fit for purpose (Strategic risk 1)
L	Bakewell Agricultural Centre			8	Loss of Income
H	Car Parks Income		4		Loss of income, poor contract management (SR6)
M	Energy Grants (required sign off)		5	5	Money not spent in accordance with grant terms / fraud
L	Expenses and Allowances			10	Fraud, error

Priority		2020/21 Actual Days	2021/22 Actual Days	2022/23 Planned Days	Risk Factor / Corporate Risk link
M	Illuminations			2	Loss of income / fraud
M/L	Improvement Grants		8		Fraud, poor VFM
M	Leisure Contract Management			14	Poor contract management arrangements (Strategic Risk 6)
L	Parks			5	Loss of income
M	Planning Fees	10			Fraud, loss of income
H	Refuse Collection Contract		30	15	Reputational damage, poor performance
M	Section 106/CIL		10		Loss of income/reputational damage/ fraud
M	Transport / vehicles / plant / fuel			12	Loss of income / Safeguarding issues (SR8)
	Total Operational	10	57	83	
	Corporate/Cross Cutting				
M	Corporate Targets			10	Poor Governance, decisions could be made on incorrect data
M	Climate Change	5			Failure to act / reputational (SR 14)
H/M	Data Protection	8		12	Loss of data, fines. Reputational damage (SR3)
M	Business Continuity			10	Disruption to business, reputational damage (SR5)
M	Ethics			12	Reputational damage (SR 10)
H	Follow up Previous Recommendations			10	Weaknesses continue
L	Freedom of Information			8	Lack of transparency
H/M	Health and Safety			12	Reputational Issues/ injury or death, financial cost (SR7)
H/M	Procurement		10		Poor value for money, Fraud (SR4)
M	Risk Management		8		No identification or mitigation of risks (SR 10)
	Total Cross Cutting	13	18	74	

Priority		2020/21 Actual Days	2021/22 Actual Days	2022/23 Planned Days	Risk Factor / Corporate Risk link
	IT Systems				
H	Cyber Security / Network Security/ DR / Removable media	5	5	10	Network attack (Strategic Risk 13)
	Total IT	5	5	10	
	Fraud and Corruption				
M	National Fraud Initiative (Medium)		5	1	Fraud
	Total Fraud and Corruption	0	5	1	
	Contingency	15	15	30	
	Financial Advice/Working Groups	10	10	25	
	Management Time (IA Consortium Manager)	30	30	30	Non Compliance with PSIAS
	Grand Total	241	297	357	

Governance and Resources Committee

17 March 2022

Report of the Director of Resources

ARREARS FOR WRITE OFF

PURPOSE OF REPORT

This report provides information about debtor write offs authorised by the Director of Resources under delegated authority in accordance with the Council's Financial Regulations and seeks approval for the write off of individual debts exceeding £10,000 in accordance with the Council's Financial Regulations.

RECOMMENDATION

That the report be noted.

WARDS AFFECTED

None

STRATEGIC LINK

Writing off irrecoverable debts in a timely fashion contributes towards good financial management.

1 BACKGROUND

- 1.1 Under regulation B7(a) of the Council's Financial Regulations, authority is delegated to the Director of Resources to write-off individual arrears up to £10,000. Under the scheme of officer delegation the Director of Resources also has authority to write off any arrears that have been caused by an officer error. This report details those debts exceeding £10,000 for which authorisation to write-off is required from this Committee under regulation B7(b) of the Financial Regulations.
- 1.2 This is the second report for 2021/22 and covers arrears relating to council tax, non-domestic rates, housing benefit overpayments and sundry debts, as well as including council tax backdating cases approved by the Committee in July 2021 (for completeness).
- 1.3 The debts detailed in this report have been pursued through all appropriate methods of recovery open to the Council. The [Revenues Debt Recovery Policy](#) shows the approach taken to recovery for each type of debt. It is considered that any further action attempted at recovering the debts proposed for write off would be likely to incur additional expenses to the Council without the prospect of payment. As such, where these individual debts exceed £10,000 they are referred to this Committee for approval to write them off.
- 1.4 It should be noted that any debt will be reinstated where further information subsequently comes to light that allows further recovery action to be pursued.

1.5 Accounts submitted for write-off fall into one of the following categories:

- Amounts remitted by the Magistrates Court (or where the Court has refused to grant a Liability Order)
- Amounts for which the debtor has served a prison sentence
- Amounts where the debtor is bankrupt or insolvent
- Amounts where the debtor has died and there are insufficient funds in their estate
- Amounts where the debtor has absconded or gone abroad and cannot be traced
- Amounts where it has become uneconomic to pursue the debt
- (Very rarely) Amounts where there has been an officer error.

1.6 The Chartered Institute of Public Finance & Accountancy (CIPFA) recommends that it is good practice to identify debts that are unlikely to be paid and to account for them in the accounts as soon as possible.

2 REPORT

2.1 The position as at 7 March 2022 is summarised in the table below. There are no write offs over £10,000 that require the committee's approval on this occasion.

Table 1: Write offs summary 2021/22

	Council Tax Arrears	NNDR Arrears	Housing Benefit Overpayment Arrears	Sundry Debtors Arrears	Total
	£	£	£	£	£
Amounts approved by Governance & Resources Committee 1 July 2021 (backdating cases)	77,904.74	0.00	0.00	0.00	77,904.74
Amounts of £10,000 and under written-off under delegated authority 1 April to 30 September 2021	54,827.10	26,996.02	7,675.29	701.20	90,199.61
Amounts over £10,000 and over by Governance & Resources Committee 30 September 2021	0.00	31,026.65	0.00	0.00	31,026.65
Amounts of £10,000 and under written-off under delegated authority 1 October 2021 to 7 March 2022	22,931.89	3,828.96	16,988.43	1,042.41	44,791.69
Amounts over £10,000 to be considered by Governance & Resources Committee on 17 March 2022	0.00	0.00	0.00	0.00	0.00

Amounts over £10,000 relating to officer error and written-off under delegated authority	0.00	0.00	0.00	0.00	0.00
Total	155,663.73	61,851.63	24,663.72	1,743.61	243,922.69
Provision for Doubtful Debts 01/04/21	457,292.80	361,313.00	67,740.15	29,903.35	916,249.30
Total written-off in 2018/19	67,368.90	70,867.00	28,506.67	79,227.41	245,969.98
Total written-off in 2019/20	67,881.04	158,714.00	44,363.24	10,799.92	281,758.20
Total written-off in 2020/21	106,558.55	21,576.00	4,512.15	1,900.12	134,546.82

2.2 Officer comment

Most write offs in 2021/22 relate to cases involving bankruptcy, insolvency, debt relief orders, where payers are deceased or have left with no trace or where debts are uneconomic to pursue. Due to the light touch approach taken to recovery in 2020/21 and the start of 2021/22 (as a result of the coronavirus pandemic), cases have only recently been referred to enforcement agents and the courts from September 2021 for cases involving council tax and business rates liabilities.

Council Tax

- 2.3 No write offs are proposed in this report for council tax debts over £10,000. The 2021/22 Council Tax net collectable debit is currently in the order of £60m. The amount of £155,663.73 shown in table 1 above for write offs represents 0.3% of this amount. The write offs in this report cover several financial years.
- 2.4 Irrecoverable council tax is shared between the district council and major preceptors. For 2021/22 Derbyshire Dales District Council meets 14.1% of the amounts written off
- 2.5 When the Council Tax is set each year it is assumed that 99.2% of the debit will eventually be collected. The overall collection rates for the current and last 5 years' Council Tax and Non-Domestic Rates charges are set out in the table below. Due to the pandemic, and wishing to support residents and businesses through this challenging time, debt recovery action was suspended in 2020/21 and the early months of 2021/22. From the summer (July/August 2021) the revenues team were able to send reminders to non-payers. The first available Magistrates Court Hearings were in September 2021. The collection rates for 2020/21 and 2021/22 are continuing to improve but, because of the delays in being able to take higher level recovery action, rates for 2020/21 and 2021/22 might not reach the usual targets by 31 March 2022; but the arrears will continue to be actively collected beyond that date (as with all arrears).

2.6 Table 2: % of council tax and non-domestic rates debt collected to 28 February 2022

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 To 28 February
Council Tax Target	99.2%	99.2%	99.2%	99.2%	99.2%	97.9%
Council Tax Actual	99.7%	99.7%	99.6%	99.3%	98.6%	97.45%
Non-Domestic Rates Target	98.2%	98.2%	98.2%	98.2%	98.2%	95.7%
Non-Domestic Rates Actual	99.2%	98.8%	98.6%	98.6%	98.1%	95.6%

Non-domestic rates

- 2.7 No write offs are proposed in this report for non-domestic rates debts over £10,000. The 2021/22 Non-Domestic Rates net collectable debit is currently in the order of £15m. The amount of £61,851.63 shown in table 1 for write offs represents 0.4% of this amount. The write offs in this report cover several financial years.
- 2.8 Non-domestic rates collections for 2020/21 and 2021/22 are below target as payments have been impacted by the coronavirus pandemic and the decision to take a “light touch approach” to debt recovery, which applied until August 2021. In addition, we expected this dip in NNDR collection rates for 2021/22 because 892 properties were affected by changes to the Retail Discount with effect from 01.07.2021 so bills for these properties were not issued until after that date. So, ratepayers who were entitled to this discount (and had a zero bill for 2020/21 and the first three months of 2021/22) now only have 66% expanded retail discount for the rest of the financial year. The rates arising from these bills (£1.7m for 9 months of 2021/22) now has to be collected in 9 instalments, rather than the usual 12. As a result, it is expected that collection rates will improve later in the financial year as these instalments are paid.
- 2.9 Irrecoverable Non-Domestic Rates are shared between central government and local government under the Business Rates Retention Scheme. For 2021/22 Derbyshire Dales District Council meets 40% of the amounts written off.

Housing benefit overpayments

- 2.10 No write offs are proposed in this report for housing benefit overpayments over £10,000. During 2021/22 there have been 93 cases for write off authorised under delegated authority totalling £24,663.72, which is well within the provision of £67,740. With 41 of the 93 cases (44%), the most common reason for write offs in 2021/22 is “Debtor deceased with no estate”.
- 2.11 The arrears outstanding at 1 April 2021 was £790,048.46. The sum of £24,663.72 for write offs in 2021/22 relates to debts spanning several financial years and represents 3% of arrears outstanding at the start of the year (write offs in 2020/21 totalled £4,512.15, which represented 0.5% of arrears outstanding at the start of that year; for 2019/20 the figure was 4.2%). Members should be aware that recovering housing benefit overpayments from people on low incomes is very difficult; payment arrangements need to be reasonable and affordable and it can several years to fully

recover a debt in some cases as repayments have to be reasonable and affordable. During 2020/21 and 2021/22 the impact of the coronavirus pandemic and furlough schemes have hit hard on ability to pay. This means that, like other Councils, we have to consider write offs in some cases.

- 2.12 As at 28 February 2022 the arrears outstanding had reduced to £661,075 (£790,048 was brought forward at 31 March 2021). This current balance is the lowest level of arrears since the Benefits Overpayments Officer was appointed and demonstrates that recovery action continues to be effective. Arrears outstanding at 31 March 2017 (when the appointment was approved) amounted to £1,132,755.

Sundry debts

- 2.13 No write offs are proposed in this report for sundry debts over £10,000. The net collectable debt for sundry debts in 2020/21 was £4.5m, which is not expected to change significantly in 2021/22. The 2021/22 write offs total £1,743.61, which represents 0.04% of expected net collectable debt (0.02% in 2021/22). The value of write offs for 2021/22 is well within the amount in the provision £29,903.

3 RISK ASSESSMENT

3.1 Legal

The Director of Resources is acting in accordance with powers delegated to her under Section 101 of the Local Government Act 1972. The Council has a duty to pursue all monies owed to it and the write offs are to enable the District Council to finalise its accounts for the year. It will use the appropriate legal powers available to it to recover the sums due. The legal risk is therefore low.

3.2 Financial

The Council has established provisions for doubtful debts, as set out in table 1 in paragraph 2.1. The amounts written off or proposed in 2021/22 total £243,922.69 and are well within the overall budgetary provision of £916,249. The financial risk is assessed as “medium”.

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.
- 4.2 Climate change: No detailed climate change impact assessment required, the report provides an update for information only.

5 CONTACT INFORMATION

- 5.1 Karen Henriksen, Director of Resources, Telephone 01629 761284
Email: karen.henriksen@derbyshiredales.gov.uk

6 BACKGROUND PAPERS

- 6.1 None

7 ATTACHMENTS

7.1 None



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JOINT CONSULTATIVE GROUP

Minutes of a virtual meeting held at 9:30am on Thursday, 2nd December 2021.

PRESENT Councillor Susan Hobson, in the Chair

Councillors: Neil Buttle, Steve Flitter, Helen Froggatt, Susan Hobson and Peter Slack.

Staff Representatives: Jon Bradbury, Ian Buxton, Bobbie Dann, Nancy Maitland and Ashley Watts.

Deborah Unwin (Human Resources Manager), and Jason Spencer (Electoral and Democratic Services Manager).

APOLOGIES

Apologies for absence were received from Councillor Tom Donnelly, Paul Wilson and Mick Coppin (GMB)

APPOINTMENT OF VICE CHAIRMAN FOR 2021/22

It was moved by Ashley Watts, Seconded by Councillor Helen Froggatt and.

AGREED That Bobbie Dan be elected Vice-Chairman of the Joint Consultative Group until the next annual meeting of the Council.
(unanimously)

MINUTES

It was moved by Councillor Helen Froggatt, seconded by Councillor Peter Slack and

AGREED That the notes of the Minutes of the meeting held on 15th September 2021 be received.
(unanimously)

POLICY ON PROBATIONARY PERIODS

The Committee considered a report recommending to the Governance & Resources Committee that the proposed employment policy on Probationary Periods be adopted. The Policy was supported by Corporate Leadership Team. It had been circulated to all staff for consultation and discussed at meetings of the Senior Management Team and the Employee Group.

Deborah Unwin introduced the report noting that there had previously been a probationary period in place but this had ended some time ago. Reintroducing the policy would require

a change in the contracts of employment for new employees with managers accepting responsibility for formally reviewing progress and confirming successful completion of probationary periods. It was suggested that the policy could also be seen as an enhanced induction policy.

In bringing the proposal to the Corporate Leadership Team benchmarking information had been received from other Derbyshire Councils most of which had some form of probationary policy in place.

The proposed policy would require managers to formally assess new recruits in terms of performance, conduct at 3 months and 6 months following appointment. If there were unresolvable issues at 6 months then employment could be ended. It was the view of the Senior Management Team that there would be sufficient measures in place to make sure that it would be very rare that an employee would not complete their probationary period but it was felt that a policy was needed to make sure that the process was fair, cost effective and would help facilitate the recruitment of a more suitable candidate.

It was noted that, if needed, standards of required attendance, conduct and performance could be clearly identified and support given for improvement during the probationary period. Some members expressed concerns about the impact of remote working on the ability for new starters to complete their probationary period but it was confirmed that an appeals process would be in place and new starters would be advised of the support available through the employee group.

Consultation with the Senior Management Team had raised a question on whether the Policy would apply to new staff with previous local government service. CLT had confirmed that it would apply to all new starters. It was also noted that the policy included provision for employees taking maternity or adoption leave and any absence for work related sickness.

It was confirmed that once the draft policy and guidance notes were approved, changes to the policy statement would require approval at Committee with Corporate Leadership Team approving changes to the guidance notes. The Policy would then apply to all new employees from 1 February 2022.

It was moved by Ian Buxton seconded by Jon Bradbury and

AGREED That the Governance & Resources Committee be recommended to
(unanimously) adopt the Policy on Probationary Periods.

NOTES OF THE EMPLOYEE GROUP:

It was noted that the notes of the meeting of the Employee Group held on 25 October 2021 were not yet available.

NOTES OF THE SAFETY COMMITTEE:

- 17th November 2021

It was moved by Councillor Neil Buttle, seconded by Councillor Peter Slack and

AGREED That the notes of the Safety Committee meeting held on 17th
(unanimously) November 2021.

Councillor Susan Hobson welcomed the discussion on health and safety issues relating to watercourses on Council property.

In response to a question from Councillor Peter Slack about the emergence of a new strain of Covid-19, Deborah Unwin provided an update on the risk assessments in place for safe working during the pandemic.

Meeting Closed 9:55am

Chairman