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15 November 2017

To: All Councillors

As a Member or Substitute of the **Governance and Resources Committee**, please treat this as your summons to attend a meeting on **Thursday 23 November 2017 at 6.00pm in the Council Chamber, Town Hall, Matlock.**

Yours sincerely

A handwritten signature in black ink, appearing to be "Sandra Lamb". The signature is fluid and cursive, with a large initial 'S'.

Sandra Lamb  
Head of Corporate Services

## **AGENDA**

### **1. APOLOGIES/SUBSTITUTES**

Please advise Democratic Services on 01629 761133 or e-mail [committee@derbyshiredales.gov.uk](mailto:committee@derbyshiredales.gov.uk) of any apologies for absence and substitute arrangements.

### **2. APPROVAL OF MINUTES OF PREVIOUS MEETING**

14 September 2017

### **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 electronic mail) **BY NO LATER THAN 12 NOON OF THE WORKING DAY PRECEDING THE MEETING.**

### **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 AUDIT LETTER FOR 2016/17**

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To receive the External Auditor's Annual Audit Letter for 2016/17.

**7. INTERNAL AUDIT REPORTS CONCLUDED UNDER THE 2017/2018 OPERATIONAL AUDIT PLAN**

**14 - 24**

To consider the internal audit reports produced in respect of the 2017/2018 Internal Audit Plan and also the progress made by management in implementing the agreed audit recommendations.

**8. TRANSFORMATION HUB**

**25 - 30**

To note the activities and actions of the Transformation Hub to date and consider approval of the Transformation Programme 2018/19.

**9. RISK MANAGEMENT – CHIEF EXECUTIVE'S ANNUAL REPORT**

**31 - 36**

To consider the Chief Executive's annual report on the Council's Risk Management arrangements and how Key Strategic Risks are being managed.

**10. RECOVERY OF CREDIT CARD SURCHARGES**

**37 - 39**

To review the Council's current policy to recover credit card surcharges.

Members of the Committee - Councillors Deborah Botham, Albert Catt, Steve Flitter, Chris Furness (Vice Chair), Alyson Hill, Neil Horton, Angus Jenkins, Tony Millward BEM, Jean Monks, Garry Purdy, Mike Ratcliffe, Lewis Rose, Mark Salt, Jackie Stevens (Chairman), Colin Swindell, John Tibenham, Jo Wild

Substitutes – Councillors Jason Atkin, Richard Bright, Jennifer Bower, Sue Bull, Sue Burfoot, David Chapman, Tom Donnelly, Ann Elliott, Helen Froggatt, Susan Hobson, Richard FitzHerbert, Vicky Massey-Bloodworth, Joyce Pawley, Irene Ratcliffe, Philippa Tilbrook

GOVERNANCE AND RESOURCES COMMITTEE  
23 NOVEMBER 2017

Report of the Head of Resources

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## **EXTERNAL AUDITOR’S ANNUAL AUDIT LETTER FOR 2016/17**

### **PURPOSE OF REPORT**

This report presents the External Auditor’s Annual Audit Letter, which summarises the outcome of the audit work completed at the Council in relation to the 2016/17 audit year.

### **RECOMMENDATION**

1. That the External Auditor’s “Annual Audit Letter for 2016/17” be noted.

### **WARDS AFFECTED**

None

### **STRATEGIC LINK**

None

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## **1 REPORT**

- 1.1 The Council’s external auditors, KPMG, have issued their Annual Audit Letter, which summarises the audit work completed in relation to the 2016/17 audit year. A copy of the letter is shown at Appendix 1. The external auditor has requested that it be brought to Members’ attention.
- 1.2 The key issues in the letter are:
  - Value For Money (VFM) conclusion – unqualified conclusion issued;
  - VFM Risk Areas – The delivery of the Medium Term Financial Plan has been identified as a significant risk (see page 3 of the letter for details);
  - Audit Opinion - unqualified opinion issued on the Authority’s financial statements;
  - Recommendations – There are three recommendations relating to improvements to processes for the preparation of the Statement of Accounts (see page 5 of the Annual Audit Letter).
- 1.3 The three recommendations relating to the Statement of Accounts have been accepted by the Head of Resources. They will be addressed during the preparation of the Statement of Accounts for 2017/18.

## **2 RISK ASSESSMENT**

### **2.1 Legal**

There are no legal risks arising from this report.

## 2.2 Financial

There are no financial risks arising from this report.

## 3 OTHER CONSIDERATIONS

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 CONTACT INFORMATION

Karen Henriksen, Head of Resources

Telephone: 01629 761284

e-mail: [karen.henriksen@derbyshiredales.gov.uk](mailto:karen.henriksen@derbyshiredales.gov.uk)

## 5 ATTACHMENTS

Appendix 1 – KPMG Annual Audit Letter 2016/17





# Annual Audit Letter 2016/17

## Derbyshire Dales District Council

[kpmg.com/uk](http://kpmg.com/uk)

October 2017



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

The contacts at KPMG in connection with this report are:

### John Cornett

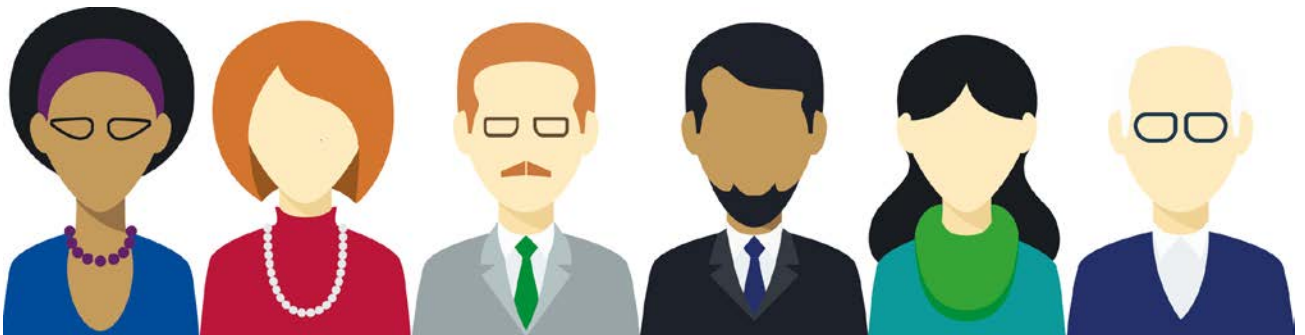
*Director*  
KPMG LLP (UK)  
T: +44 (0) 7468 749927  
E: [john.cornett@kpmg.co.uk](mailto:john.cornett@kpmg.co.uk)

### Katie Scott

*Manager*  
KPMG LLP (UK)  
T: +44 (0) 7468 365923  
E: [Katie.scott@kpmg.co.uk](mailto:Katie.scott@kpmg.co.uk)

### Arvinder Khela

*Assistant Manager*  
KPMG LLP (UK)  
T: +44 (0) 7500 990073  
E: [Arvinder.Khela@kpmg.co.uk](mailto:Arvinder.Khela@kpmg.co.uk)



## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at Derbyshire Dales District Council in relation to the 2016/17 audit year. Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

### VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 15 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

### VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the delivery of the Medium Term Financial Plan as a significant risk. In November 2016, the Authority updated their Medium Term Financial Strategy (MTFS) for 2017/18 –2021/22. From 2018/19, the Authority has identified funding gaps and is forecasting a corporate savings target of £0.5 million. The council recognises that this target is challenging and it equates to 5% of forecast spending in 2018/19.

Savings of £1.2 million are required by 2021/22. This equates to 12% of net revenue spending using 2016/17 as a baseline position. Savings of this magnitude will require fundamental changes in the way the Council operates and Members may need to take increasingly difficult decisions going forward.

We have reviewed arrangements put in place by the Council to deliver savings through the annual budget process, the development of specific projects such as service reviews and a major exercise to identify savings across all services. The latest MTFP, revised June 2017, indicates a Corporate Savings target of £1.5 million will be achieved by 2021/22. This is an increase of £0.3 million from the November 2016 MTFP described above and uses the estimated 2017/18 figures rather than forecast to give a more realistic view.

### Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 15 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.



## Section one

### Financial statements audit

We did not identify any issues in the course of our audit that are considered to be material.

The Authority has good processes in place for the production of the accounts and high quality working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.

### Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

### Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

### High priority recommendations

We raised two high priority recommendations as a result of our 2016/17 audit work. These are detailed in Appendix 1 together with the action plan agreed by management.

- Review of Pensions Assumptions
- Alignment of Members outturn report to the Narrative Statement

We will formally follow up these recommendations as part of our 2017/18 work.

### Certificate

We issued our certificate on 15 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

### Audit fee

Our fee for 2016/17 was £38,295 excluding VAT. Further detail is contained in Appendix 3.

We have agreed an additional fee of £2,000 with the S151 Officer which was reported in our *External audit report 2016/17* in September 2017 in relation to the restatement of the CIES. Please refer to Appendix 3 for further details. This is subject to PSAA review and approval.



# Key issues and recommendations



## 1. Review of Pensions Assumptions

- Management review of the approval of actuarial assumptions used to calculate the pensions liability does not occur.
- The Authority instead place reliance on the Pension Fund administrators to review the actuarial assumptions on their behalf.
- The risk surrounding this focuses on the balance of the Pension liability and its material impact on the Financial Statements.

### Recommendation

The Authority should review the actuaries' assumptions and ensure they align to the Authority's understanding and comprehend to the calculation of the Pension liability.

## Management Response

Accepted

A management review of actuarial assumptions will be undertaken for Accounts relating to 2017/18 and subsequent years

### Owner

Head of Resources

### Deadline

31 May 2018



## 2. Alignment of Members outturn report to the Narrative Statement.

During our testing of the restatement of the CIES and the new requirement of the EFA, we have identified that the Authority reports it's outturn position to Members in a different manner to budget holders.

This resulted in the outturn report to Members being unreconciled to the Financial Statements.

### Recommendation

The format of the outturn report, reported to members and budget holders should agree to one another. Additionally, it should also reconcile back to the Narrative Statement and the EFA statement,

## Management Response

Accepted

A reconciliation between the outturn report and the Narrative Statement and EFA Statement was prepared on 16th August 2017, in respect of the 2016/17 accounts.

The format of the outturn report and budget holders' reports will be reviewed for 2017/18 accounts to improve the process for future years.

### Owner

Head of Resources

### Deadline

31 March 2018



## 3. Working Papers

Although the Authority has worked hard to deliver work papers provided, there were still not readily available work papers behind each note of the accounts as we would expect. This caused delays to our audit work as, as a result of the departure of key finance staff, information behind some notes was difficult to provide.

### Recommendation

We recommend a work paper for each note is prepared to allow a clear audit trail between the ledger and the note in the accounts.

## Management Response

Accepted

A working paper will be prepared for each note in the accounts for 2017/18 and subsequent years.

The recent approval for an additional senior accountant for a two year fixed period has increased the resources available to carry out this work, reducing the risk of future delays to the audit process.

### Owner

Head of Resources

### Deadline

30 May 2018

# Key issues and recommendations

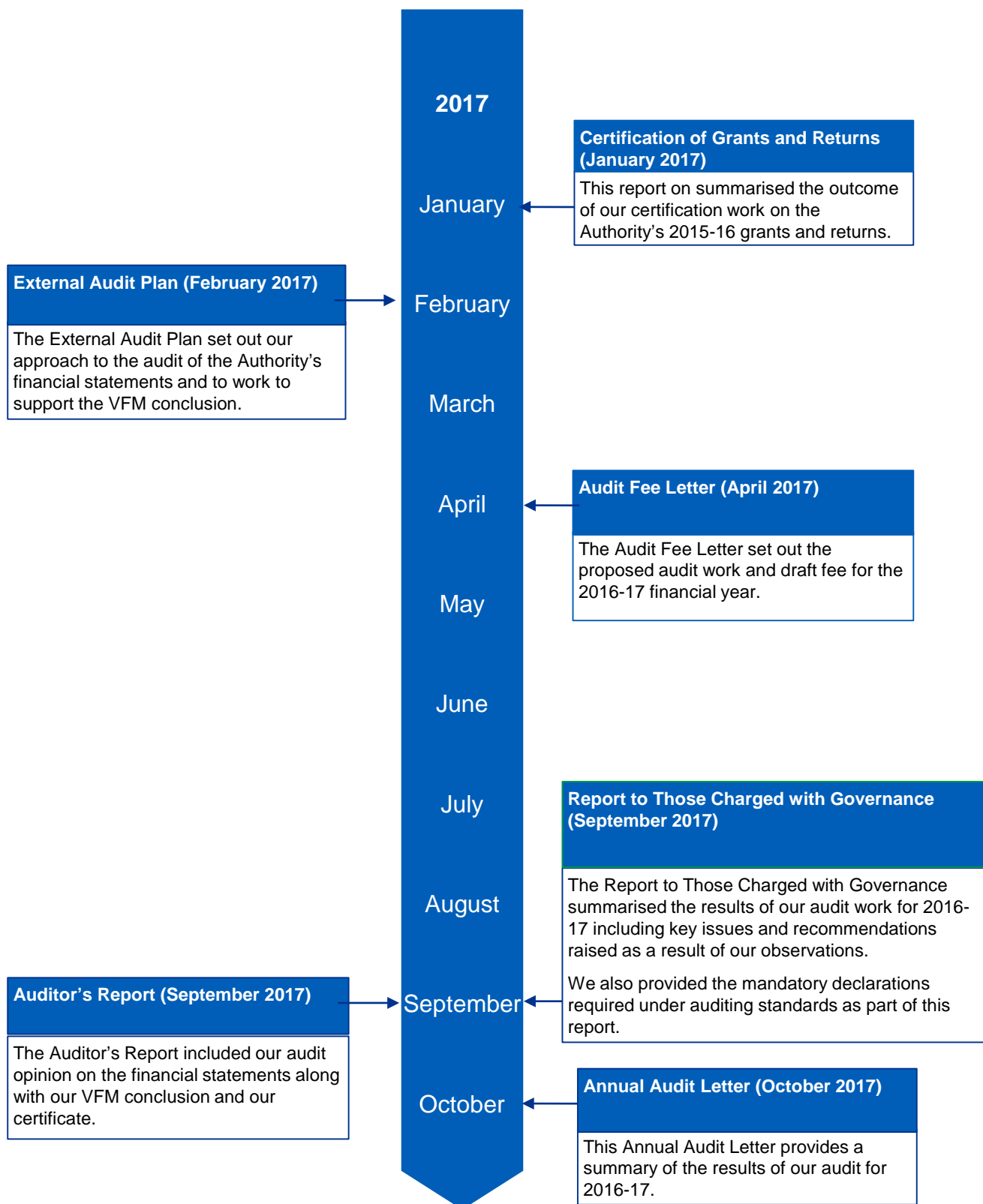
## Follow up of previous recommendations

As part of our audit work we followed up on the Authority's progress against previous audit recommendations. We are pleased to report that the Authority has taken appropriate action to address the issues that we have previously highlighted through high priority recommendations.

## Appendix 2

# Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.



## Appendix 3

# Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

### External audit

Our final fee for the 2016/17 audit of the Authority was £38,295, which is in line with the planned fee.

We have discussed an additional fee of £2,000 in relation to the work undertaken in respect of the CIES restatement with the S151 officer and reported this in our *External audit report 2016/17*. This is still subject to final agreement and PSAA approval.

### Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2018. The planned fee however is £5,393.

### Other services

We did not charge any additional fees for other services.

External audit fees 2016/17 (£'000)





# BACK TO AGENDA

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GOVERNANCE AND RESOURCES COMMITTEE  
23 NOVEMBER 2017

Report of the Head of Resources

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## **INTERNAL AUDIT REPORTS CONCLUDED UNDER THE 2017/2018 OPERATIONAL AUDIT PLAN**

### **PURPOSE OF REPORT**

This report asks the Committee to consider the internal audit reports produced in respect of the 2017/2018 Internal Audit Plan and also to consider the progress made by management in implementing the agreed audit recommendations.

### **RECOMMENDATION**

That the Committee note the findings and conclusions of the internal audit reviews and follow up of the implementation of previous recommendations.

### **WARDS AFFECTED**

None

### **STRATEGIC LINK**

Internal Audit's service aims and objectives are the provision of an independent service, which objectively examines, evaluates and reports to the Council and its management on the adequacy of the control environment. This contributes to the Council's core values of being open and transparent when making decisions and using public resources ethically and responsibly.

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## **1 SUMMARY**

- 1.1 The 2017/18 Operational Audit Plan was approved by the Governance and Resources Committee on 23 March 2017. It provides a framework by which service functions are reviewed to test and report on the adequacy and effectiveness of risk management systems and the internal control environment within the Council. This report details the results of the internal audit reviews undertaken during the year.
- 1.2 The Committee's terms of reference also require that it "considers the reports produced in accordance with the Audit Plan and responses to the recommendations made therein".

## **2 REPORT**

- 2.1 Attached, as Appendix 1, is a summary of reports issued covering the 2017/18 year to date for audits included in the 2017/18 Internal Audit Plan.

- 2.2 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.
- 2.3 The Appendix shows for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.
- 2.4 The assurance provided column in Appendix 1 gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the following classifications:

<b>Assurance Level</b>	<b>Definition</b>
<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.

- 2.5 6 reports have been issued, all 6 with a conclusion of "substantial". 1 recommendation has been made.
- 2.6 Attached at Appendix 2 is the current position at 15<sup>th</sup> October 2017, of internal audit recommendations made as a consequence of audit reviews. 17 recommendations have been satisfactorily implemented since the last report, 13 recommendations are in the process of being implemented, 8 recommendations have not passed their implementation date (or revised implementation date) and 1 recommendation remains outstanding. Appendix 2 gives a commentary next to each recommendation describing the progress made.

### **3 RISK ASSESSMENT**

#### **3.1 Legal**

There are no legal considerations arising from the report

#### **3.2 Financial**

There are no financial considerations arising from the report.

#### **3.3 Corporate Risk**

There are no corporate risks to consider

### **4 OTHER CONSIDERATIONS**

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.

### **5 CONTACT INFORMATION**

Karen Henriksen, Head of Resources

Telephone: 01629 761284; Email: [karen.henriksen@derbyshiredales.gov.uk](mailto:karen.henriksen@derbyshiredales.gov.uk)

Sandra Lamb, Head of Corporate Services

Telephone: 01629 761281; Email: [sandra.lamb@derbyshiredales.gov.uk](mailto:sandra.lamb@derbyshiredales.gov.uk)

Jenny Williams, Internal Audit Consortium Manager

Telephone: 01246 345468; Email: [Jenny.williams@chesterfield.gov.uk](mailto:Jenny.williams@chesterfield.gov.uk)

### **6 BACKGROUND PAPERS**

None

### **7 ATTACHMENTS**

Appendix 1 - Summary of Internal Audit Reports Issued 2017/18 to date

Appendix 2 – Outstanding Internal Audit Recommendations



## DERBYSHIRE DALES DISTRICT COUNCIL

### Internal Audit Consortium - Report to Governance and Resources Committee

#### Summary of Internal Audit Reports Issued 2017/18 to date

Report Ref	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
D001	Miscellaneous Income	To ensure that miscellaneous fees and charges are raised and collected correctly	Substantial	25/5/17	16/6/17	0	0
D002	Homelessness	To ensure that there is a strategy in place and to review procedures and controls in respect of bed and breakfast usage; financial support; housing benefit claims; budget monitoring procedures; and performance indicators.	Substantial	30/5/17	20/6/17	0	0

Report Ref	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
D003	Bakewell Pool	To review controls and procedures in respect of banking and cash; security; membership scheme; small sales; contract bookings; utilisation of the facility; inventory maintenance; complaints procedures; lost property; income/budget comparison; purchase orders and vending.	Substantial	20/7/17	10/8/17	0	0
D004	Payroll	To ensure that Payroll controls and procedures are in place to ensure accurate payments	Substantial	8/8/17	30/8/17	0	0
D005	Debtors	To ensure that invoices are raised correctly and promptly and that debt is collected in line with established procedures	Substantial	23/8/17	14/9/17	0	0
D006	Creditors	To ensure that orders are raised and that invoices are paid promptly and accurately	Substantial	28/9/17	19/10/17	1	1

## REVIEW OF OUTSTANDING AUDIT RECOMMENDATIONS AT OCTOBER 2017

## Appendix 2

	Recommendation satisfactorily implemented
	Recommendation partially implemented – work in progress
	Target date not reached
	Recommendation remains outstanding

SERVICE	RECOMMENDATIONS	COMMENT
Data Protection January 2015	Comprehensive data protection training should be provided to all officers and Members of the Council following which refresher training should be provided at an agreed reasonable frequency with the requirement to sign a declaration of understanding and acceptance of their responsibilities and the consequences of failure to comply.	Completed via LOLA training module
	Once revised and approved, the policy should be reviewed regularly to ensure that it is fit for purpose <b>(Medium)</b>	Policy is currently under review and revision due for completion once the GDPR revised guidance is issued
	Fair processing notice text should be drafted and provided to all asset owners for inclusion on all data collection application forms to ensure compliance with data protection requirements and consistency across the authority <b>(Medium)</b>	Complete
	Fair processing notice text to include grounds for consent e.g. By submitting data to us and/or using our web site you give your consent that all personal data that you submit may be processed by us in the manner and for the purposes described in the following fair processing notice <b>(Medium)</b>	Information Governance Officer now appointed & working with consultant; processes and procedures currently under review and revision
	All forms used to collect personal data be reviewed to ensure that they include a corporately approved fair	Information Governance Officer now appointed & working with consultant; processes and

	processing notice and a consent clause including forms used by external service providers who collect data on behalf of the Council e.g. Arvato – benefit forms, council tax applications for discounts and exemptions etc. <b>(Medium)</b>	procedures currently under review and revision
	A Data Protection message be included on creditor remittance advice notes referring creditors to the Council's website for terms and conditions and fair processing information (full text cannot be included on the remittance advice due to the 120 character limit in the text field) <b>(Medium)</b>	Information Governance Officer now appointed & working with consultant; processes and procedures currently under review and revision
	Asset owners identified in the Data Asset Register should ensure that all data within their remit is reviewed and maintained in accordance with the revised data retention policy once it has been documented and approved <b>(Medium)</b>	Information Governance Officer now appointed & working with consultant; processes and procedures currently under review and revision
	A procedure for responding to subject access requests be documented to ensure that there is a consistent approach that complies with ICO checklist <b>(High)</b>	Complete
NNDR November 2015	Following the implementation and trial of the Corporate Fraud software, a meeting be arranged to agree and prioritise visits to confirm empty property status <b>(Medium)</b>	From checks undertaken it was found that following trials the software was not fully implemented due to lack of value; empty property visits are undertaken to confirm status with priority awarded to those with high value
Expenses & Allowances August 2015	Procedural guidance for processing claims be documented to ensure that in the absence of experienced officers, claims could be processed <b>(Low)</b>	Complete – HR21 now operational
Planning Fees February 2016	Specification of a report from the Uniform system using the application/fee received date rather than validation date would enable a simple reconciliation to be undertaken to provide the assurance that the systems were synchronised – <b>Medium</b>	Complete – queries can be specified according to required information
Asset Management May 2016	The Asset Management Plan should be reviewed and revised as soon as practicable <i>(Restated)</i> - <b>Medium</b>	Target Date -30.04.2017 re-scheduled to 31 March 2018
	A target date be agreed for the reconciliation of the	Target Date -31.07.2017 re-scheduled 31 March



	CIPFA Property's Asset Manager and Uniform Asset Database systems - <b>Medium</b>	2018
Section 106 June 2016	A robust monitoring system should be implemented to assign ownership and overall control of the system to include responsibility for; monitoring triggers and collection dates of monies due; arrange site visits suitably qualified officers where necessary to determine the status of developments and compliance with agreements; and the status and use of S106 monies - <b>High</b>	Development time has been allocated to address the recommendations; work is in progress
	Appropriate training should be provided to the officer designated with overall responsibility for the system to ensure a sound understanding of the accounting practices employed within the Council and to enable them to interrogate the systems efficiently in order to provide accurate and effective monitoring - <b>High</b>	Development time has been allocated to address the recommendations; work is in progress
Partnerships September 2016	A review of the Protocol be undertaken to ensure that content is up-to-date and relevant – <b>Medium</b>	Target Date – March 2017 re-stated 30 September 2017 Revised target date 31 March 18
	A pro forma be designed and introduced based upon the checklist at appendix 1 of the Protocol for completion when setting up a partnership to evidence that guidance has been followed – <b>Medium</b>	Target Date – March 2017 re-stated 30 September 2017 Revised target date 31 March 18
Arc Leisure October 2016	Leisure management have already contacted Gem regarding the lack of receipts however this issue should be considered when re-letting the contract in March 2017 to ensure that income due is timely received - <b>High</b>	Target date – March 2017 contract not re-let due to outsourcing of Leisure, in negotiation to extend in consultation with Legal Re scheduled to 31 <sup>st</sup> December 2017
Procurement December 2016	a) Contracts register be updated for: <ul style="list-style-type: none"> <li>• Peak Oil</li> <li>• Peak Waste Recycling</li> <li>• NHS Procurement Provision</li> <li>• Fuel Cards</li> <li>• SSI Schaefer Ltd - <b>High</b></li> </ul>	Complete – Updated as applicable
	b) The services from Peak Oil and Peak Waste Recycling provisions be subject to re-tender after	Peak Oil now under Framework Contract Annual spend for Peak Waste 2016/17 £19k –

	year-end when the total annual spend can be assessed for the appropriate procurement - <b>Medium</b>	competitive pricing exercise to be undertaken
	c) Include in the revised procedures that officers should consider the economical aspect of electronic purchases in the ability to reclaim VAT. Also for events such as the illuminations, consider sourcing sundry spends further in advance - <b>Medium</b>	Target date – 31 December 2017 as part of the Procurement Hub’s work plan
Money Laundering January 2017	Money Laundering be included in the LOLA Risk Management & Fraud Awareness module as part of the editing process - <b>Medium</b>	Target date – 31 December 2017
	Update the Policy to include the Council’s transaction limit of £10,000 - <b>Low</b>	Target date – September 2018 (Next revision of Policy)
	Include a paragraph relating to money laundering in financial regulations - <b>Low</b>	Complete
Safeguarding March 2017	The Council’s commitment to safeguarding should be promoted on the website with a dedicated page containing relevant information including a copy of the Safeguarding Policy and the procedures for members of the public to follow in the event of any concerns they may wish to raise - <b>High</b>	Introduction of web page will be uploaded once amended policy is approved by relevant committee – Target date for approval of the policy 31 March 2018
	The safeguarding module within LOLA should be mandatory for all employees and Members to provide an appropriate level of awareness - <b>High</b>	Complete
	Completion of the module should be monitored and enforced to confirm compliance - <b>High</b>	Complete – procedure in place to monitor compliance
	Consider producing posters based on the policy’s flowchart to display throughout the Council’s facilities to promote safeguarding and provide contact details - <b>Medium</b>	Once policy has been approved – Target date for approval of policy March 2018.
	Once a training plan has been agreed, evidence should be recorded in confirmation of each individual’s completion to ensure compliance and to ensure refresher training at appropriate intervals - <b>High</b>	Complete - All new employees to undertake training and refresher training to take place every three years (unless significant updates are introduced) – compliance monitored by LOLA system administrator

	A S11 Audit be completed to ensure compliance and to identify and address any shortcomings - <b>High</b>	Complete – returned to DCC 20.6.17
	A central register of referrals be maintained to record significant detail e.g. date of referral, contact name etc., to provide evidence of reportage and confirmation of receipt to ensure consistency. The register should be subject to strict access controls as it will hold sensitive and confidential information - <b>High</b>	Complete - Central register held by officer responsible for Safeguarding.  A referral form has been introduced to new policy.
	To ensure that safeguarding is promoted as part of the recruitment process, include a paragraph in all job descriptions under 'General Duties and Responsibilities' to that effect - <b>High</b>	Complete
Clean & Green March 2017	An up-to-date office inventory of the depot be completed by the procurement team and retained centrally with the Council's other office inventories to ensure that it is included for annual review - <b>Medium</b>	Complete
	The content of Financial Regulations' inventory guidance be reviewed and revised based upon CIPFA guidance to provide definitive procedures for officers to follow - <b>Medium</b>	Complete
	Under the responsibility for safe custody of inventory items the Head of Environmental Services delegate appropriate officers (this would need to be someone with sufficient knowledge of the tools and equipment to ensure that they are identified and recorded accurately) with the following tasks – completion, maintenance and safe custody of inventories; authority for certifying disposals; and annual confirmation of assets held – <b>Medium</b>	Work in progress – inventory has been started by the foreman/mechanic
	Once complete, the 'Quick Guide to Procurement' currently being revised by the Procurement Hub should be promoted to ensure that budget holders in particular, are aware of the requirement to comply with procurement procedures and to be mindful of triggers to undertake a tender exercise - <b>Medium</b>	Dependent upon release of guidance

	Tools and equipment belonging to the Council (as opposed to the personal tools of the mechanics) valued at £100 or above, be marked and identifiable as being the property of DDDC - <b>Medium</b>	30 June 2017; re-scheduled to 31 March 2018
	A procedure for miscellaneous income in respect of sundry sales be documented to include payment options for purchasers to remit directly to the Town Hall rather than the depot - <b>Medium</b>	Advice was requested; discussions held to agree a procedure which will be introduced by 31 March 2018
Creditors September 2017	A data cleansing exercise be undertaken to remove personal details of suppliers where accounts have been dormant for 6 years or more. Should previous suppliers be selected to be used again, approval should be sought to set up a new account - <b>Medium</b>	Target date – 31 March 2018

BACK TO AGENDA



**GOVERNANCE AND RESOURCES COMMITTEE**  
**23 NOVEMBER 2017**

Report of the Head of Regeneration and Policy

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## **TRANSFORMATION HUB**

### **PURPOSE OF REPORT**

The report notes the activities and actions of the Transformation Hub, and seeks approval for the Transformation Programme 2018/19.

### **RECOMMENDATION**

1. Activities of the Transformation Hub to date are noted.
2. The Transformation programme 2018/19 is approved as set out in section 8 of the report.

### **WARDS AFFECTED**

All

### **STRATEGIC LINK**

Transforming services to generate substantial savings, whilst improving efficiency, supports the District Council's priority to seek efficiencies and innovative working practices, as set out in the Corporate Plan 2015-2019.

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## **1 BACKGROUND**

- 1.1 The Transformation Hub was established in October 2013 following the District Council's Peer Challenge of that year, which had identified a need to make better use of Information and Communications Technology (ICT) to support efficiency savings.
- 1.2 An initial Transformation programme was approved by the Corporate Committee on 12 December 2013, and a programme for 2014/15 was set by the Corporate Committee on 20 March 2014. An update was reported to Council on 23 April 2015, where the 2015/16 programme was agreed. The transformation programme for 2016-18 was agreed by the Governance and Resources Committee on 22 September 2016.
- 1.3 The Transformation Hub meets quarterly to progress projects; this quarterly meeting is followed by a report to the Corporate Leadership Team with recommendations for action or resourcing where required. Since the start of the current Civic Year, Councillor Andrew Statham has been the Member

Representative on the Transformation Hub. Officer membership of the Transformation Hub has also been refreshed during 2017.

1.4 The objectives of the Transformation Hub, as set by the Governance and Resources Committee in September 2016, are to:

- Improve efficiency (of both front line and support services)
- Address process and structure considerations to make efficiency improvements
- Generate significant savings using IT where appropriate

1.5 Having completed the replacement of Leisure Management software (including online bookings), the Transformation programme for 2016-18 set by the Governance and Resources Committee in September 2016 was:

Corporate projects (high-priority projects that require significant resources to procure, implement and facilitate, and that impact on a council-wide scale and are longer-term in nature):

- Electronic Document Management (EDMS)
- Self Service HR system

Other projects (smaller in scale, focusing on specific areas in order to achieve shorter-term goals and lesser impact):

- Self-service bulky waste, litter, dog fouling and fly tip clean up requests
- Clean and Green Mobile Working
- Agile/Mobile Working
- Channel Shift
- Online Bookings and Payments

1.6 The purpose of this report is to update Members on transformation activities, and to seek approval of the ongoing transformation programme.

## **2 ELECTRONIC DOCUMENT MANAGEMENT**

2.1 An electronic document management system (EDMS) is software used to scan incoming mail, circulate and file documents, manage and chase work flow, and in time reduce paper and the need for space. Procurement and deployment of EDMS was approved by the Governance and Resources Committee on 9 June 2016. A five-year agreement with Northgate was subsequently signed, and EDMS deployment started in Development Management in Autumn 2016.

2.2 The funding for EDMS included a temporary post of EDMS Project Manager. Recruitment to this post was unsuccessful, and a consultancy role was advertised instead. A consultant to undertake business process re-engineering in Development Management is due to start work in 2018.

2.3 The aim of the consultancy project will be to undertake business process re-engineering in Development Management, including associated support

services, so that the benefits of EDMS can be fully achieved. The main priority is the transformation of processes involved with Minor and Major planning applications, from application to decision.

- 2.4 A draft Privacy Impact Assessment for EDMS has been prepared. This is based on use of EDMS in Development Management only at this stage (where no sensitive personal data is collected). When more services use EDMS this could change, and the Privacy Impact Assessment will then need to be reviewed.

### **3 SELF-SERVICE HR SYSTEM**

- 3.1 The District Council formerly relied on paper-based systems for most human resources (HR) functions, including leave booking/recording, , changes to personal information (e.g. address, contact details, next of kin, bank details), and claiming expenses/mileage.

- 3.2 During 2016/17, following piloting, a self-service electronic HR system (HR21) was successfully implemented by the HR and Payroll team with support from the Joint ICT Service.

- 3.3 Benefits of the new system include:

- Removal of paper based system, with potential savings on printing and staff time.
- Staff without PC access can now use the electronic system from 'touch down' kiosks at key sites around Derbyshire Dales
- Enabled managers and employees to both access and update data in real time through self-service functionality
- Improved the provision of management information to a variety of stakeholders, in particular heads of departments and managers
- Providing an opportunity to work with Finance to make the collection of annual leave entitlement data for the Annual Statement of Accounts more streamlined
- Information available 24/7
- No lost paperwork
- A single secure repository of HR & Payroll information with access as required through permissions

- 3.4 A project closure document has been approved, and includes lessons learnt from the implementation process that could be of benefit to other projects in future.

### **4 SELF-SERVICE LITTER, DOG FOULING AND FLY TIP CLEAN UP REQUESTS**

- 4.1 The District Council website has web forms that allow residents to report missed bin collections and request replacement containers. Previously, submission of those forms led to the generation of an email to Business

Support Team members, who then processed the emails individually and re-entered the information into the Mayrise (waste management) system.

- 4.2 This led to duplication of effort with regard inputting information into the Mayrise system, with significant amounts of staff time in Business Support, Environmental Services and at SERCO being used to administrate and re-enter data already submitted electronically by residents.
- 4.3 In December 2015, a fully electronic missed bins and replacement containers request service went live on the website, meaning that re-entry of such requests was no longer necessary. Since the Mayrise system deals with a significant number of other Environmental Services requests, there is the potential to extend this totally self-service online system to encompass reporting fly tipping and street cleansing requests.
- 4.4 Because fly tipping and street cleansing requests often refer to a location or street (rather than to a specific address), there has been a necessity for additional ICT work to develop a workable position-fixing tool before these requests can go live on the website. It proved technically difficult to resolve this issue within the cost parameters for the project, and work is still ongoing.
- 4.5 Online fly tipping, litter and dog fouling reporting is now being tested on the website, with the aim of going 'live' shortly. The intention will be for self-service bulky waste collection requests to be facilitated via the website in future.

## **5 CLEAN & GREEN MOBILE WORKING**

- 5.1 The PSSLive asset management and inspection software has been used for playground inspections since 2015. Mobile phones are used in the field to undertake playground inspections; paper-based inspections of playgrounds no longer take place. The paper/printing costs associated with inspections have been eliminated. Inspection findings are uploaded securely with photographs. This has reduced the time taken to complete an inspection. The system provides clear and timely information to managers and inspectors alike.
- 5.2 Following its successful deployment in playgrounds, PSSLive has since been extended to footpaths on District Council land. Footpaths were chosen for the next stage because of the risk of not being able to defend insurance claims without good asset and inspection data. To date, 29 sites (e.g. cemeteries, parks and playgrounds) have now been inspected and the footpaths and other assets have been recorded on PSSLive. There are more than 100 sites remaining to be entered onto the system. Collecting and entering the data is a huge task, but once done the system is very efficient, saving a lot of time and paper as well as giving greater accuracy and better records.
- 5.3 It is intended that, in future, car parks and trees will be added to PSSLive so that accurate information on these assets can be recorded systematically.

## **6 AGILE WORKING (MOBILE/HOME WORKING USING TECHNOLOGY)**

- 6.1 The term 'agile' working encompasses homeworking, remote working, hot-desking and smarter working combinations. Agile working uses technology to enable officers to work more effectively 'in the field' and reduce the need to visit the office before starting work, or to write up inspections and site visits.
- 6.2 Environmental Health's Commercial Team has been mobile working with hot-desking facilities since 2014. This has generated savings with regard to travel time and business mileage, and reduced need for office accommodation. The PSSLive system described above has introduced a degree of agile working for the Clean and Green team. Development management planners are now equipped with laptops, enabling remote working. Further opportunities to extend agile working throughout the council will be taken as appropriate.

## **7 CHANNEL SHIFT (CUSTOMER SELF-SERVICE VIA THE WEBSITE)**

- 7.1 Channel shift seeks to interact with customers more efficiently and effectively using web forms and email; as opposed to printed forms, telephone calls, letters or face-to-face visits. This can offer savings, and benefits to the customer include being able to access services 24/7 without having to leave their house or place of work. To assist online access, internet terminals are provided in council offices.
- 7.2 All departments have their own 'Channel Shift Champions' who report to the Transformation Hub. They are tasked with proactively seeking and progressing opportunities to shift more transactions online across their department through their own Channel Shift Plans.
- 7.3 Current channel shift initiatives in progress include:
- text messaging for Home-Options
  - webchat facility being explored
  - M3 Assure upgrade will enable online licence applications

## **8 TRANSFORMATION PROGRAMME 2018/19**

- 8.1 Given progress to date, the following updated Transformation programme is proposed for 2018/19.
- 8.2 Corporate projects:
- **Electronic Document Management – business process re-engineering in Development Management**
  - **Electronic online payments (enabling self-service bulky waste requests)**
  - **Self-service online litter and dog fouling clean up requests**
- 8.3 Other projects:
- Clean and Green Mobile Working - footpaths, car parks and trees

- Agile/Mobile Working
- Channel Shift

8.4 It is recommended that the transformation programme for 2018/19, as set out above is approved. In developing and implementing the programme, consideration will be given to the ICT Strategy and to other relevant activities (including telephony developments).

## **9 RISK ASSESSMENT**

### **9.1 Legal**

The legal risks are considered to be low.

### **9.2 Financial**

The transformation programme can be funded from within existing budgets. It is expected to deliver efficiency savings over time. The financial risk is therefore low.

### **9.3 Corporate**

The key risk in transformation results from changing current practices and procedures. These are mitigated by project management, communication and training. If current practices and procedures do not change, there is a risk that the savings and efficiencies required could not be realised. This latter risk is considered to be Medium.

## **10 OTHER CONSIDERATIONS**

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.

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## **CONTACT INFORMATION**

Steve Capes, Head of Regeneration and Policy  
01629 761371, email [steve.capes@derbyshiredales.gov.uk](mailto:steve.capes@derbyshiredales.gov.uk)

## **BACKGROUND PAPERS**

None

**BACK TO AGENDA**

GOVERNANCE AND RESOURCES COMMITTEE  
23 NOVEMBER 2017

Report of the Chief Executive

## **RISK MANAGEMENT – CHIEF EXECUTIVE’S ANNUAL REPORT**

### **PURPOSE OF REPORT**

The Council’s Risk Management Policy and Strategy requires the Chief Executive to report to Members, by way of an annual report on the Council’s Risk Management arrangements and how Key Strategic Risks are being managed.

This report describes the Council’s risk management processes and working practices, which ensure that risk management arrangements continue to be effective, timely and fit for purpose, providing the Council with the correct levels of insight and support in relation to its risk exposure.

### **RECOMMENDATION**

1. That the report be noted.

### **WARDS AFFECTED**

Not applicable

### **STRATEGIC LINK**

Effective Risk Management provisions enable significant risks to be identified, controlled and monitored so contributing to the provision of all services.

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## **1 REPORT**

### **1.1 Introduction**

The Council’s [Risk Management Policy and Strategy](#), revised in September 2016, requires the Chief Executive to report to Members, by way of an annual report on the Council’s Risk Management arrangements and how key strategic risks are being managed. This report describes the processes and working practices, which have been developed to ensure they continue to provide the Council with the correct levels of insight and support in relation to its risk exposure.

### **1.2 Background**

The Council operates a risk management programme whereby risks associated with the Corporate Plan, its key strategic objectives and individual Service Plan Key Actions are formally assessed.

The Council identifies risks at two levels:



- **Strategic Risks:** These are the risks that will significantly impact the Council in the delivery of its Strategic Objectives and Corporate Plan; and
- **Service Risks:** These are the risks which will impact on the delivery of each service at an operational level. Managing these risks will assist each Head of Service in the delivery of their Service Plan objectives and key actions.

Relevant individuals meet on a quarterly basis to discuss the risks facing the Council and the delivery of its objectives. Those risks highlighted during these sessions are analysed and prioritised and further actions identified. These are captured within the Service and Strategic Risk Registers.

An essential part of the process involves ensuring all risks have clear ownership. Service Managers are required to identify the key internal controls for each risk they are responsible for and to identify mitigating controls. The risk management methodology provides guidance for risks to be scored, enabling officers to report risks which may prevent them from achieving their required aims.

Risks are regularly reported to the Risk Continuity Group, which in turn reports quarterly to the Corporate Leadership Team, ensuring that risks, risk management etc. are challenged and reported effectively.

Further guidance on the Council's risk management processes and procedures can be found in the [Risk Management Policy and Strategy](#); dated September 2016.

### 1.3 Recent developments and achievements

The Council remains committed to ongoing risk management activities. The Risk and Continuity Group continues to be well attended; key actions arising in the last twelve months include:

- Regular reviews of the strategic risk register
- Consideration of Insurer's report: "How to avoid public liability claims"
- Preparation of draft annual report
- Monitoring of progress of implementation of recommendations from the review that took place subsequent to the Grenfell Tower fire.

The contract with Zurich Municipal was terminated by mutual agreement in December 2016, and the savings contributed towards the corporate savings target. Risk management practices and procedures are now well embedded and management and administrative support can now be provided in-house.

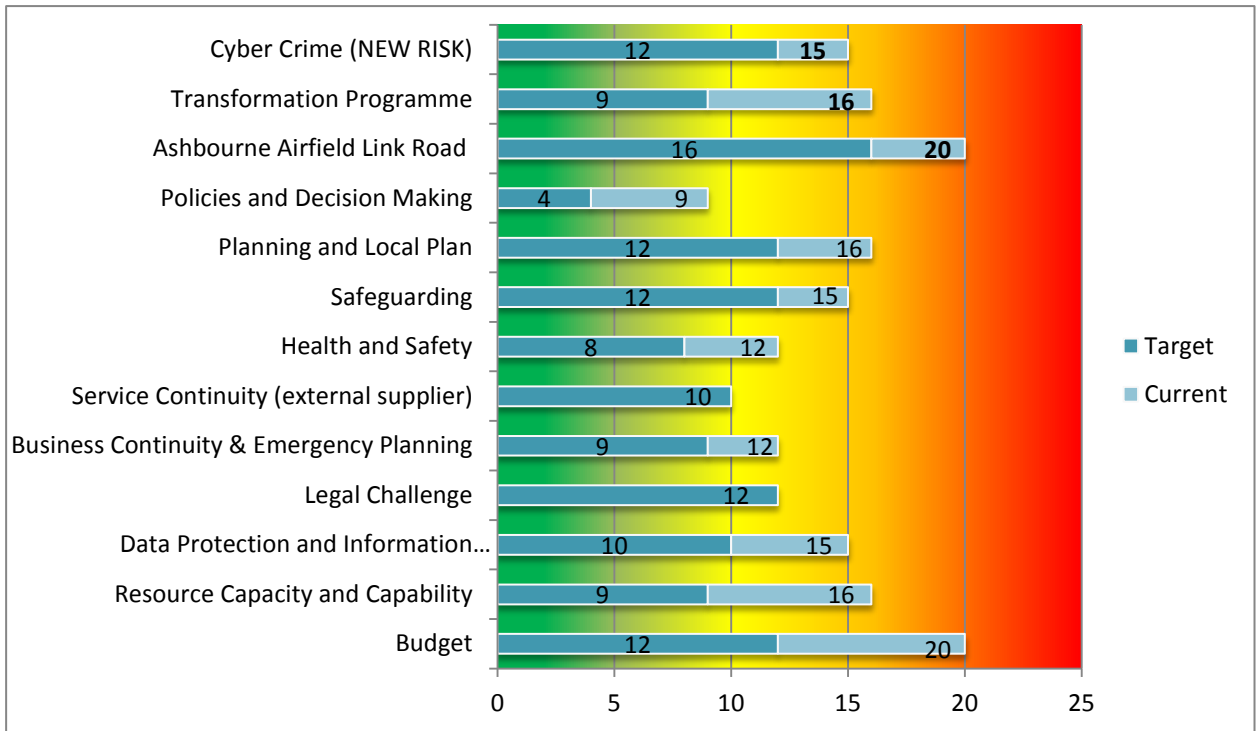
### 1.4 Continued Improvement

- 1.4.1 Information governance / data protection arrangements have been classed as a consistently 'high' strategic risk. During 2016/17, the Council commissioned an external risk-based review of these processes. Following the consultant's report, the Council has put in place an action plan and additional resources aimed at reducing these risks by May 2018, when the General Data Protection Regulations will come into force with more stringent fines and penalties than currently apply under the data protection act.

**1.4.2** Business continuity management planning and exercises are planned for 2017/18.

**1.5 Current strategic risks**

Strategic Risks are considered by relevant officers and documented within the Strategic Risk Register. Those risks identified and reported to the Corporate Leadership team in October 2017 are as follows:



A comparison of current risks with the chart shown in last year’s report shows an improved situation with fewer high risks, as illustrated in the table below:

Level of Risk	Rating	Number of risks 2016	Number of risks 2017	Direction of travel
Low	1 - 4	0	0	-
Medium	5 - 16	9	11*	↕
High	17 - 25	3	2	↕

\*Includes 1 new risk (cyber crime)

**1.6 Strategic Risk Action Plan**

The following additional mitigating actions have been identified by services and the Risk Continuity Group in order to further manage the strategic risks and reduce the Council’s risk profile.

Strategic Risk	Mitigating Actions Identified
Budget	<ul style="list-style-type: none"> <li>Update the Efficiency Plan and Medium Term Financial Strategy to set out the approach to achieving the savings that are required.</li> </ul>

	<ul style="list-style-type: none"> <li>• On-going future service reviews to identify process improvements etc.</li> <li>• Clearer picture on outlook expected when government announces details of 100% rate retention.</li> </ul>
Resource: Capacity and Capability	<ul style="list-style-type: none"> <li>• Preventative stress management and other soft skill training is available to staff</li> <li>• If required, neighbouring authorities could be approached for resource support.</li> <li>• Consider more use of external agencies for resource support</li> <li>• Learning and Development policy will address skills for the future rather than separate succession planning</li> <li>• Delivery of 2017/18 Learning and &amp; Development</li> <li>• Fully utilise E-Learning Platform</li> </ul>
Data Protection & Information Governance	<ul style="list-style-type: none"> <li>• Action all recommendations outstanding from Internal Audit Review</li> <li>• Implement recommendations from external DP Health Check by 31 March 2018 to prepare for the introduction of GDPR</li> <li>• Implement Actions on the GDPR Action Plan by 30 April 2018</li> <li>• Work towards PCI-DSS for payment card transactions.</li> </ul>
Legal challenge contracts etc.	<ul style="list-style-type: none"> <li>• Consideration of contract management and procurement operations to ensure that risks are assessed and performed at the relevant levels/timelines etc.</li> <li>• Consider mandatory training on equalities and consultation issues for frontline officers</li> <li>• e-module for equalities training to be delivered</li> <li>• Roll out PSS Live to ensure that there is a record of inspections, reducing the risk of successful compensation / insurance claims</li> </ul>
Business Continuity & Emergency Planning	<ul style="list-style-type: none"> <li>• Update Business Continuity Plan in line with updated information from services</li> <li>• Further agile working to be considered as part of the ongoing service reviews</li> <li>• Mutual aid possibilities being explored</li> <li>• Consider impacts on strategic partners e.g. CAB</li> </ul>
Continuity of Service (External Supplier)	<ul style="list-style-type: none"> <li>• Review contracts to ensure exit strategies are included and documented. Where these are not in place discuss with suppliers how these could be implemented.</li> <li>• Identify alternative/temporary solutions for key contracts and minimum delivery requirements</li> <li>• Develop suite of contracts to include provisions to mitigate this risk</li> </ul>
Health & Safety	<ul style="list-style-type: none"> <li>• Continue to grow and develop the Safety Committee.</li> <li>• Ensure that the RCG is informed of risks on a regular basis to reflect risks in the department and strategic risk registers.</li> <li>• Engage with the providers to identify any proactive measures that the Council could take, if not already being performed</li> </ul>

	<ul style="list-style-type: none"> <li>• Tree &amp; Footpath Risk Assessments ongoing</li> <li>• Refine inspection reporting regime to ensure regular inspections take place and are recorded</li> <li>• Review the asbestos register to ensure that this is up to date.</li> <li>• Continue to update fire risk assessments.</li> <li>• Update risk assessments in relation to rock falls and monitor in accordance with survey</li> <li>• Develop maintenance programme for rock faces</li> </ul>
Safeguarding	<ul style="list-style-type: none"> <li>• Implement recommendations from Internal Audit Review</li> <li>• Further reviews of policies and training</li> <li>• Consider internal safeguarding workshops with Club First officer</li> <li>• Update taxi licensing policy to include mandatory safeguarding training for drivers</li> </ul>
Planning & Local Plan	<ul style="list-style-type: none"> <li>• 'Timetable for Local Plan adoption in late 2017 in place</li> <li>• Ongoing monitoring required</li> </ul>
Policies & Decision Making	<ul style="list-style-type: none"> <li>• Further training as necessary</li> <li>• Fully utilise E-Learning Platform</li> </ul>
Ashbourne Airfield Link Road	<ul style="list-style-type: none"> <li>• Derbyshire County Council agreement in principle to consider loan (final approval and terms awaited)</li> <li>• Agreement with landowner regarding land transfer and outputs to be sought</li> <li>• Additional investigation work on District Council owned stretch of Blenheim Road underway to secure drainage adoption</li> </ul>
Transformation Programme	<ul style="list-style-type: none"> <li>• Regular updates considered by Corporate Leadership Team.</li> <li>• Coordination between Transformation and other service reviews.</li> <li>• Project team managers have been designated.</li> <li>• Consider lessons learned from other programmes and implement learnings where appropriate.</li> <li>• Procuring project management expertise to implement EDMS in Development Management</li> <li>• PSSLive inspection database being rolled out to parks, footpaths and trees to assist in managing corporate risk associated with assets</li> <li>• Mayrise self-service online flytipping reports delayed</li> <li>• Online paperless direct debits being tested</li> <li>• Corporate consideration of day to day skills required and available concluded that Transformation to be limited to EDMS, Mayrise and PSS Live.</li> </ul>
Cyber Crime	<ul style="list-style-type: none"> <li>• Consider malware protection</li> <li>• Consider software that will raise employee awareness of "phishing"</li> <li>• Provide refresher training every 2 years for ICT security awareness</li> </ul>

## **2 RISK ASSESSMENT**

### **2.1 Legal**

The report documents an effective system of risk management, which aims to identify, control and mitigate risk. Whilst not all risk can be mitigated, the measures currently in place provide for low legal risk.

### **2.2 Financial**

There are no financial risks arising from this report.

## **3. OTHER CONSIDERATIONS**

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. CONTACT INFORMATION**

Karen Henriksen, Head of Resources, Telephone 01629 761284  
Or email: [karen.henriksen@derbyshiredales.gov.uk](mailto:karen.henriksen@derbyshiredales.gov.uk)

## **5. BACKGROUND PAPERS**

None.

## **6. ATTACHMENTS**

None

**BACK TO AGENDA**

GOVERNANCE AND RESOURCES  
23 NOVEMBER 2017

Joint Report of the Head of Corporate Services and Head of Resources

## **RECOVERY OF CREDIT CARD SURCHARGES**

### **PURPOSE OF REPORT**

This report requests a review of the Council's current policy to recover credit card surcharges.

### **RECOMMENDATION**

The Committee's views are sought.

### **WARDS AFFECTED**

N/A

### **STRATEGIC LINK**

N/A

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## **1. REPORT**

- 1.1 The District Council introduced a policy to recover the cost of bank charges levied in credit card payments in April. 2011. A fee of 2% on top of the customer's payment is levied on all credit card payments made in person or via the web. The actual cost levied by the Bank ranges from 0.39% to 2.5%, dependent on the type of credit card.
- 1.2 Since then, the District Council has introduced the facility to pay for car parking charges at the ticket machine. The surcharge in all instances is an additional 10p. The number and value of transactions taken across all services by credit card is shown at paragraph 2.2.
- 1.3 A new piece of legislation called the second Payments Directive (PSD) which comes into force on 13 January 2018, will effectively ban "surcharging for the use of payment instruments used to compensate for additional costs where interchange fees may be applied" i.e. recovery of bank charges. This could mean a loss of income estimated at £8500 per annum.
- 1.4 Internal legal advice suggests that a local authority does not fall within the definition of 'payment scheme provider' set out in the Regulations and appear to be exempt where they provide goods or services to customers under contract (e.g. sport facilities). No further explanation is given to the Regulations. External opinion has therefore been sought and the outcome will be reported to the meeting.
- 1.5 Two neighbouring authorities in Derbyshire currently recover a surcharge and a further two currently decline credit cards as a payment option. It is not clear what the

Derbyshire authorities intend to do in response to the new legislation and they declined an offer to share the legal advice.

## 2. OPTIONS

2.1 Depending on the legal advice there would appear to be three options moving forward:

- Option 1 – continue to recover the surcharge legal advice permitting
- Option 2 – continue to offer credit cards as a means of payment and discontinue the practice of recovering the surcharge
- Option 3 – discontinue the practice of offering credit cards as a means of payment to mitigate the financial impact.

Option 1 is a cost neutral outcome for the District Council.

In Option 2 the cost to the Council would be the full price currently levied by the Banks together with the disablement fees. Fortunately, the car parking ticket machines can be disabled to discontinue the surcharge without any additional cost. Disabling the surcharge on line via our web site May involve a cost to our software providers and a quotation is currently being sought.

In option 3, the Committee may wish to consider the effect on the payer by reducing the number of options available. This is not a service to be discontinued, hence there is no need to consultation but proper notice should be factored in.

2.2 Payments by Credit Card from 1 April to 7 November 2017

Service	No. of transactions	Value £
Council Tax	547	134,998.53
NNDR	40	16,742.23
Invoices	59	12,387.79
Benefit Overpayments	10	3,789.79
Miscellaneous including: Building Regulations Burial Car Parks Illuminations Market Rents Legal Licensing Planning Land Charges Waste	829	32,201.12
Car Parking. Based on flat 10p per transaction charge for debit and credit cards.	Unable to pinpoint.	60,000
<b>Total</b>		<b>260,119.46</b>



### **3. RISK ASSESSMENT**

#### **3.1 Legal**

The legal risk will need to be re-assessed on the basis of the external legal advice and will be reported verbally to the Committee.

#### **3.2 Financial**

The financial implications of the options are as follows:

Option 1 – no impact;

Option 2 – loss of income estimated at £8,500 per annum, plus the one-off cost of amending systems to disable the surcharge.

Option 3 – cost neutral.

Should option 2 be selected, then savings of £8,500 will have to be identified from other sources if the Corporate Savings Target is to be achieved in the medium term. The one-off costs in 2017/18 could be met from the General Reserve.

The financial risk is assessed as low.

### **4. OTHER CONSIDERATIONS**

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.

### **5. CONTACT INFORMATION**

Sandra Lamb, Head of Corporate Services  
Email [sandra.lamb@derbyshiredales.gov.uk](mailto:sandra.lamb@derbyshiredales.gov.uk) or Tel: 01629 761281

### **6. BACKGROUND PAPERS**

None

**BACK TO AGENDA**