

**COUNCIL**

**21 January 2020**

Report of the Director of Corporate and Customer Services

**FUTURE TELECOMMUNICATIONS**

**PURPOSE OF THE REPORT**

The purpose of this report is to update Council on the progress of the project to replace and upgrade the Council's current telephone systems, to outline potential issues and benefits, and to detail the next steps.

**RECOMMENDATIONS**

1. That approval be given to the early release (in 2020/21) of the £30,000 allocated for Network Switch Replacement in the 2021/22 Capital Programme if technical issues require it.
2. That the project implementation deadline set as 28 February 2021 to accommodate the full proof of concept trial and to allow for a comprehensive internal communications package to be released.

**WARDS AFFECTED**

All

**STRATEGIC LINK**

Enabling the customer to enquire of, and transact with the District Council, in the most efficient manner, is at the heart of the District Council's objectives.

This project will reflect the One Team, One Council, One Purpose approach by enhancing communication and collaboration across the authority. The resilience and flexibility it creates should aid residents by improving the services we provide. Additionally it links to the Council's aim of providing excellent services.

Addressing the issue of climate change by reducing carbon emissions links with all three of the District Council's aims to be clean, safe and thriving.

## **1. BACKGROUND**

- 1.1 The Council currently has facilities with associated telecoms systems at the Town Hall in Matlock, the Agricultural Business Centre in Bakewell and Northwood Depot at Darley Dale.
- 1.2 The Siemens Realitis HiPath DX PBX exchange at the Town Hall, Matlock was installed on 4 September 2000. As of 1 April 2017, the manufacturer has ceased all development of software and manufacture of replacement hardware. The current “*best endeavours*” maintenance agreement for the system will end in July 2021. Additionally, the ISDN30e lines are due to be withdrawn from service entirely by 2025
- 1.3 Whilst the Council's telephone first point of contact continues to perform well overall, the COVID-19 crisis has highlighted that our current system is neither dynamic, nor integrated enough to enable the flexible/remote working outcomes and resilience and disaster recovery capabilities we really need.
- 1.4 In June 2020 the Council tendered for a consultant to help bring in a viable replacement/alternative solution faster than in-house resources at that time would allow. There were no responses.
- 1.5 A Business Case recommending a tender process via the Crown Commercial Service Network Services 2 (RM3808) framework was submitted and approved in principle at the Corporate Leadership Team meeting held on 1<sup>st</sup> October 2020.
- 1.6. The ICT Service Review Team also approved the Project Brief on 1 October 2020 for incorporation into the ICT Projects Register.
- 1.7 A report recommending this approach was approved by members at the Governance and Resources Committee meeting held on 22 October 2020.

## **2. REPORT**

- 2.1 The deadline for framework suppliers to submit tender responses was 4 November 2020. There were 9 responses in total.
- 2.2 An evaluation team consisting of team members from Business Support, Procurement, Transformation and the Joint ICT Service evaluated the supplier responses on 11 - 13 November 2020.
- 2.3 Following full evaluation of all responses on overall price and features/technical merit the highest scoring submission was selected, the proposal being based on implementing a fully cloud-based platform. At this stage (pending formal completion of the tender process and contract signing) the identity of the highest scoring tenderer and full details of the costs remain commercially sensitive.
- 2.4 The tender response was based on our specification with the majority of extensions utilising a softphone (software based telephone installed on a laptop or PC) and a maximum 7 year contract term (on a 3 + 2 + 2 basis).

- 2.5 According to the tender submission and based on 165 users the platform costs over the initial 3 year contract period can be entirely accommodated within existing revenue budgets.
- 2.6 A due diligence meeting between the highest scoring tenderer and the evaluation team was held on 2 December 2020. This consisted of a demonstration of the proposed product, a walkthrough of the implementation process and clarification of some points arising from the tender response.
- 2.7 As a result of this meeting, the evaluation team is satisfied that (in principle and subject to a successful proof of concept trial) the proposed product meets our feature specifications.
- 2.8 The current steps, which are running concurrently, are:
- A proof of concept trial – installation and test usage of softphones and handsets in our real network environment. This is being undertaken at all sites and from home/alternative working sites;
  - Preparation and approval of the contract documentation. The Legal team has been forewarned and apprised of the importance of timescales to this project and have factored this into work plans. The highest scoring tenderer has prepared a contract based on the framework documentation and terms which is currently with Legal for approval;

### **3. BENEFITS OF THE PROPOSAL**

- 3.1 The COVID-19 crisis has forced more colleagues than ever to work in new and more flexible ways. It has brought to the fore the inadequacy of our current remote/home working facilities. Our limited capacity to offer remote/home working has a particularly negative impact on team members and colleagues at first point of contact and others who currently have no means of working from home as their calls cannot currently be transferred offsite.
- 3.2 As the bulk of the District Council's lines and extensions are tied to the physical hardware located at the Town Hall, this leaves us vulnerable in an emergency situation that renders that site inaccessible in some way. The COVID-19 crisis has served to highlight this, and reinforced our urgent need for enhanced disaster recovery capabilities.

- 3.3 A move to a cloud-based platform will be a robust and secure way for us to keep or enhance all of our onsite and homeworking features and to maintain the security of both the end users and our team members. Under the proposed model, a member of Council staff can operate easily from the office or home with no difference to their capabilities or the level of service they can provide.
- 3.4 With regard to the environmental impact; the Council currently has 134 employees that work a cumulative total of 26,540 days a year (excluding Bank Holidays and Annual Leave). If they were to work from home for half their working week this would total 13,270 days per annum with no commute. The average employee commute to work at the Town Hall is 21 miles (including the return journey).
- 3.7 Based on this scenario, with Council employees spending half their time working from home and allowing for 120g CO2 emissions per mile (the national average for vehicles), there would be a reduction of 33.44 tonnes of carbon emissions per annum.

#### **4. ISSUES**

- 4.1 There are two main potential barriers to the successful, timely delivery of this project:
- Technical issues relating to the Council's ICT networking and connections;
  - Lack of awareness and resistance to the cultural change that will be necessary.
- 4.2 Joint ICT Service colleagues advise that the networking and connections issues that may arise will be mitigated by the Network Switch Replacement project, which has already been approved for inclusion in the Capital Programme for 2021/22.
- 4.3 The majority of other potential technical risks will either be confirmed or ruled out by the proof of concept trial.
- 4.4 With regard the lack of awareness and resistance to cultural change, a communications push will be required to inform and update all staff. This will be one of the key factors in a successful delivery. The proposed implementation date of 28 February 2021 will allow for timely communication around the changes that will impact on staff.

#### **5. RISK ASSESSMENT**

##### **5.1 Legal**

The purpose of this report is to update Council as to the implementation timescales and to release funds early to undertake required works. Contracts relating to this project are being reviewed by the legal officers and thus the legal risk is low.

## 5.2 Financial

With regard to the cost of Network Switch Replacement, a sum of £30,000 has already been approved in the Capital Programme for 2021/22. It is recommended that Council be requested to approve the early release (in 2020/21) of this sum if technical issues require it.

According to the tender submission and based on 165 users the platform costs over the initial 3 year contract period can be entirely accommodated within existing revenue budgets.

As mentioned in the report, improved telephony may result in more homeworking that could result in efficiency savings.

The financial risk is therefore assessed as low.

## 6. OTHER CONSIDERATIONS

- 6.1 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.

## 7. CONTACT INFORMATION

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## 8. BACKGROUND PAPERS

Report to Governance and Resources Committee 22/10/2020

## 9. ATTACHMENTS

None

COUNCIL  
21 JANUARY 2021

Report of the Chief Executive

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## **LOCALISM ACT – PAY POLICY STATEMENT**

### **SUMMARY**

This report meets the requirement to publish the Council's Annual Pay Policy Statement.

### **RECOMMENDATION**

That the annual Pay Policy Statement 2020-2021 is approved.

### **WARDS AFFECTED**

All

### **STRATEGIC LINK**

Every plan, strategy policy, and action of the District Councils flows from the Corporate Plan. The Corporate Plan is put into effect by service plans, policies and strategies. Through the Performance and Development Review scheme (PDR), employees' activities and appraisals are linked to the Corporate Plan which has regard to the need to deliver high quality customer experience whilst balancing employee welfare, terms and conditions of service.

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## **1. REPORT**

- 1.1 The Localism Act, November, 2011, requires relevant authorities to prepare and publish an annual pay policy statement. The relevant provisions came into force on 15 January 2012 and the Council agreed the first Pay Policy Statement on 2<sup>nd</sup> February 2012. There is a continuing need to review the policy on an annual basis.
- 1.2 The provisions add to the range of transparency obligations already placed upon local authorities e.g. the Accounts and Audit Regulations already require historic expenditure on chief officers within specified pay bands to be disclosed in the accounts.
- 1.3 The Statement must set out the authority's policies for the financial year relating to the:
  - remuneration of its Chief Officers
  - remuneration of its lowest paid employees
  - relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers.

1.4 The term 'Chief Officer' is defined as

- The Head of Paid Service (who is also the Chief Executive)
- Corporate Director
- The Monitoring Officer (who is also the Director of Corporate & Customer Services)
- Section 151 Officer (who is also the Director of Resources).

1.5 The Statement must cover the Council's policies relating to:

- The levels and elements of remuneration for each chief officer (including salary and any bonuses and benefits in kind)
- Remuneration of chief officers on recruitment
- Increases and additions to remuneration for each chief officer
- The use of performance related pay for chief officers (if any)
- The use of bonuses for chief officers (if any)
- The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- The publication of and access to information relating to remuneration of chief officers

1.6 The Council is asked to consider the Pay Statement for the 2020/21 financial year as attached in Appendix 1. The Localism Act specifically refers adoption of the Pay Statement to the Council as a responsibility it cannot discharge.

## 2. **RISK ASSESSMENT**

### 2.1 Legal

The requirement to publish a Pay Statement is contained within Section 38 to 43 of the Localism Act 2011, which came into force on 15 January, 2012. The policy appended to the report complies with all ancillary employment and equalities legislation and satisfies the statutory requirement. The legal risk is therefore low.

### 2.2 Financial

There are no financial risks arising from this report.

## 3. **OTHER CONSIDERATIONS**

3.1 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. **CONTACT INFORMATION**

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5. **BACKGROUND PAPERS**

None

6. **ATTACHMENTS**

Pay Policy Statement 2020/21 as Appendix 1





## **PAY POLICY STATEMENT FOR 2020/21**

### **INTRODUCTION**

#### **Source and scope of policy statement**

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), which, from 2012 onwards, require local authorities to publish an annual statement of their policy for the relevant financial year in relation to:

- The remuneration of their most senior employees (which the Act defines as the Head of Paid Service (Chief Executive), the Monitoring Officer, the Chief Officers (or Corporate Directors), and the Deputy Chief Officers (i.e. Directors))
- The remuneration of their lowest-paid employees; and
- The relationship between the remuneration of the most senior employees and that of other employees.

The Secretary of State has produced guidance on the Act's provisions relating to openness and accountability in local pay, which local authorities must have regard to in preparing and approving their annual pay policy statements. The Council's statement takes full account of this guidance as well as the provisions of the Act.

It also takes account of:

- The Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government in September 2011;
- Guidance issued by the Joint National Council (JNC) for Local Authority Chief Executives on pay policy statements, published in November 2011;
- Employment and equalities legislation affecting local authority employers, where relevant.

#### **Status of policy statement**

The pay policy statement will be reviewed on an annual basis.

The pay policy statement can be amended during the course of any financial year, but only by a resolution of the full Council. If it is amended during the year to which it relates, the revised version of the statement will be published as soon as reasonably possible after the amendment is approved by the Council.

#### **Transparency and autonomy**

The Council recognises and welcomes the aim behind this pay policy statement to ensure that its approach to pay is accessible for all and to enable local people to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

It also welcomes the government's recognition that each local authority remains an individual employer in its own right, and, as such, has the autonomy to make decisions on pay that are appropriate to local circumstances and deliver value for money for local taxpayers.

This Statement is divided into seven sections:

- Section 1 Provides details of the remuneration of the District Council's senior officers.
- Section 2 Provides details of the remuneration of the District Council's lowest paid and other employees.
- Section 3 Shows the relationship of pay levels and provides comparative pay in accordance with requirements of the act.
- Section 4 Provides details of policies applied as appropriate across all categories of the District Council's employees.
- Section 5 Explains the basis of the District Council's decision making on remuneration.
- Section 6 Covers the Pay Policy period.
- Section 7 Details the District Council's commitment on publication and transparency.

## **SECTION 1: REMUNERATION OF THE COUNCIL'S SENIOR EMPLOYEES**

### **1.1 REMUNERATION COVERED IN THIS SECTION OF THE POLICY**

This section covers the Council's policies in relation to the remuneration of its senior employees, including:

- Its Chief Executive and Head of Paid Service;
- Its first tier officer i.e.
  - Corporate Director,
- Its second tier officers i.e.
  - Director of Resources (Section 151 Officer), Director of Corporate & Customer Services (Monitoring Officer), Director of Regeneration & Policy, Director of Regulatory Services, Director of Housing, Director of Community & Environmental Services.

### **1.2 CONTEXT**

These senior employees are responsible for working with elected politicians to determine the overall strategic direction of the Council, to develop the scale, nature, efficiency and effectiveness of all the services provided by the Council, and to provide day-to-day management of those services.

### **1.3 OVERALL POLICY ON REMUNERATION FOR SENIOR ROLES**

The Council's overall approach to remuneration for its senior employees is based on:

- Compliance with equal pay, equalities and other relevant employment legislation, plus
- Ensuring that its overall remuneration packages align with market norms for the local government and public sectors, whilst at the same time, taking account of
  - Pay levels in the local area, including neighbouring public sector employers;
  - The responsibilities and accountabilities of particular posts which may be very demanding
  - The Collective Agreement that ensures the harmonisation of pay and working conditions.

The Council seeks to maintain this overall approach by carefully monitoring pay data provided by the Joint National Councils (JNCs) for Chief Officers and Chief Executives, the Local Government Association/Employers, and other pay surveys.

In terms of pay differentials, the Council recognises that the role of Chief Executive/Head of Paid Service leads the organisation's workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation.

At first tier level the Council recognises this role is more demanding than others, and has identified those with a greater level of accountability through job evaluation and careful analysis of job demands and offers them levels of remuneration appropriate to their role.

Below this level, the Council recognises that the demands on and accountabilities of different management roles vary considerably, and seeks to align pay levels with the relative importance and responsibilities of jobs using a process of job analysis and evaluation.

#### **1.4 THE REMUNERATION OFFERED TO SENIOR EMPLOYEES**

At Chief Executive and first and second tier levels, the Council offers an annual salary, access to the Local Government Pension Scheme and a range of other benefits, as shown in the table at paragraph 4.

##### **Annual salaries**

Annual salary levels for senior employees are set in accordance with the overall principles set out in section 1.3 above. They consist of a grade range which is determined locally by the Council. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

The salary ranges from 1 April 2020 increased from 1 April in line with the nationally agreed local government pay award for 2020/21 at 2.75%.

Chief Executive & Head of Paid Service: £103,031 to £109,338

Corporate Director – £77,256 to £88,741

Senior Manager - grade 17: £68,541- £73,963

Senior Managers - grade 16: £61,926- £66,822

Senior Managers - grade 15: £55,947- £60,374

Senior Manager - grade 14: £50,546- £54,548

##### **Remuneration of Senior Employees on Recruitment**

The Council's policy is that any newly appointed senior manager will start at the lowest pay point in the pay range for their job, other than when the particular skills and experience of the successful candidate merit a higher starting salary.

##### **Pay awards**

The salaries of senior employees will be increased in line with any pay increase agreed in the Joint National Councils (JNCs) for Chief Executives, Chief Officers or National Joint Council (NJC) for Local Government for all other staff.

##### **“Earn back” pay**

The Council notes the suggestion in the Hutton Review of Fair Pay in the Public Sector, published in March 2011, for the introduction of “earn back” pay (a system where an element of a manager's pay is “at risk” if a certain level of performance) is not met. The introduction of “earn back” pay within the Council's current pay systems, as a way of relating pay levels to performance, is not an approach that would be compatible with its current pay policy.

## **1.5 RE-ENGAGEMENT OF CHIEF OFFICERS**

### **Re-engagement as employees or under a contract for services**

It is the policy of the Council not to re-employ former employees granted voluntary redundancy or any other enhanced severance package, including former Chief Officers or Directors. In exceptional cases, and only where there is a clear benefit to the Council, such former employees may be re-engaged on a short term contract for service.

### **Employment of those in receipt of an LGPS pension**

Where in the unlikely event that the Council employs as a Chief Executive, Corporate Director or Director who is in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the the Local Government Pension Scheme (Administration) Regulations 2008 will be applied. Such persons would only be employed following strict application of the normal process of competitive selection for employment.

## **1.6 PUBLICATION OF DETAILS OF EMPLOYEE REMUNERATION**

In accordance with 39 (5) of the Localism Act, this pay policy statement will be published on the Council's website. It will also be published in the Council's Constitution and the District Council's intranet.

The Council is also required to publish information about the remuneration of senior officers under The Accounts and Audit (Amendment No. 2) (England) Regulations 2009 and the Code of Recommended Practice for Local Authorities on Data Transparency, issued under Section 2 of the Local Government Planning and Land Act 1980. This latter information can be obtained via the Council's website.

## **SECTION 2: REMUNERATION OF LOWEST PAID EMPLOYEES**

This section sets out the Council's policies in relation to the remuneration of its lowest-paid employees, as defined in this pay policy statement.

### **2.1 OVERALL REMUNERATION POLICY: LOWEST PAID EMPLOYEES**

#### **Aims, Objectives and Key Principles**

The Council aims to develop, implement and maintain fair and equitable remuneration arrangements which enable it to recruit, retain, motivate and develop staff with the skills and capabilities necessary to ensure the continued provision of high quality services and which are cost effective and provide value for money.

The Council's remuneration policy complies with all equal pay, equalities and other relevant employment legislation.

When setting pay levels for specific posts the Council takes account of internal differentials, as measured by job evaluation.

## **2.2 DEFINITION OF LOWEST PAID EMPLOYEES**

The definition of the “lowest-paid employees” adopted by the Council for the purposes of this statement is as follows:

The lowest paid employees within the Council are those substantive employees who are paid on the minimum salary point of the Council’s substantive pay structure, i.e. spinal column point (SCP) 1, of local grade 2.

The current annual full-time equivalent value of this pay level, based on a 37 hour standard working week, for the financial year 20/21 was £17,842 SCP 1.

The Council considers this to be the most appropriate definition as this is the lowest pay point/pay level on its substantive pay structure and which normally applies to new entrants to the lowest graded jobs within the organisation.

## **2.3 REMUNERATION OF LOWEST PAID EMPLOYEES**

For the purposes of this policy statement, remuneration includes the employee’s basic annual salary and any bonuses, allowances or other similar payments, benefits in kind, any increases or enhancements to any pension entitlement and any termination or other severance payments.

### **Pay structure**

The basic pay of the Council’s lowest paid employees comprises a grade range derived from the revised national pay spine, as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

### **Craft Employees**

There are no employees on pay and conditions of service for craft employees as determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees.

### **Other elements of remuneration**

The other elements of remuneration which it is the Council’s policy to offer its lowest paid employees are set out in the table set out in Section 4.

## **2.4 OTHER TERMS AND CONDITIONS**

The other terms and conditions which apply to the Council’s lowest paid employees are as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service, as amended and/or supplemented by any local agreements which may apply.

## **2.5 REMUNERATION OF EMPLOYEES WHO ARE PAID MORE THAN THE LOWEST PAID EMPLOYEES BUT WHO ARE NOT CHIEF OFFICERS**

The Council's policy and practice with regard to the remuneration of employees who are paid more than its lowest paid employees but who are not Chief Officers is the same as that which applies to its lowest paid employees.

The only difference to this is are the Legal Services Manager and Solicitors who each receive a 9% market supplement on top of basic pay given difficulty to recruit to these specific posts in 2019/20. The market supplement will be reviewed in 3 years' time (February 2022).

## **2.6 EMPLOYEES WHO ARE PAID LESS THAN THE COUNCIL'S LOWEST PAID EMPLOYEES, AS DEFINED IN THIS PAY POLICY STATEMENT**

Apprentices are paid a rate outside the local government pay spine. The Council's Apprenticeship pay is the National Apprenticeship rate plus 10% in year 1 then the National Minimum Wage for the age of the Apprentice in any subsequent years as an Apprentice plus 10%. The Council applies this pay rate and/or different remuneration arrangements to this category of employees, to reflect the particular nature and/or duration/frequency of their employment.

## **SECTION 3: PAY RELATIONSHIPS**

- 3.1 This section sets out the Council's overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation, including the current pay multiple which applies within the Authority, and its policy toward maintaining or reaching a specific pay multiple in the future.
- 3.2 The Council believes that the principle of fair pay is important to the provision of high quality and well-managed services and is committed to ensuring fairness and equity in its remuneration practices. The Council's pay policies, processes and procedures are designed to ensure that pay levels are appropriately aligned with, and properly reflect, the relative demands and responsibilities of each post and the knowledge, skills and capabilities necessary to ensure that the post's duties are undertaken to the required standard, as well as taking account of relevant market considerations. This includes ensuring that there is an appropriate relationship between the pay levels of its senior managers and of all other employees.
- 3.3 Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the Council is expected to publish its "pay multiple", i.e. the ratio between the highest paid salary and median average salary of the whole of the local authority's workforce. The current pay multiple, based on earnings for the financial year ending 31 March 2021, is 1 to 5.23 – the median average salary being £20,903 and the top of the Chief Executive scale £109,338.
- 3.4 The pay multiple between the basic salary of its highest paid employee (the Chief Executive) and the lowest paid employees, as defined in this statement is 1 to 6.13 – the bottom of scale 2 being £17,842 and the top of the Chief Executive scale £109,338.

- 3.5 The Council considers that the current pay multiples, as identified above, represent an appropriate, fair and equitable internal pay relationship between the highest salary and that which applies to the rest of the workforce.

## **SECTION 4: POLICIES COMMON TO ALL EMPLOYEES**

- 4.1 The District Council operates a transparent pay structure that reflects the relevant duties and responsibilities of each post within the organisation. The majority of the payment terms are universal and apply to all employees. The Council also recognises that it must pay additional allowances to certain individuals or groups of employees to reflect the diverse and occasionally unique nature of their duties. All departures from the universal set of allowances are justified on the basis that they enhance the effectiveness of the individual's role or seek to protect the individual on health and safety grounds (e.g. mobile telephones to support the District Council's lone worker policy).

This Section details the universal set of allowances and the current year's exceptions.

### **4.2 Pay Progression**

Incremental progression through each grade will be automatic and applied on the 1<sup>st</sup> April each year. Employees with less than six months service in the grade by 1<sup>st</sup> April will be granted their first increment six months after their appointment, promotion or re-grading; except where their salary on the 1<sup>st</sup> April following appointment, promotion or re-grading would be less than one spinal column point in excess of the salary they would have received on that day in their old grade with the District Council, when they shall be entitled to their first increment on the 1<sup>st</sup> April.

### **4.3 Market Supplements**

The Council recognises that pressures in the national or regional labour market can mean that pay levels for a particular category of employee in a particular function can be such that the Council's normal pay level would not be sufficiently competitive to enable it to recruit or retain an employee in that function. In that case, the Council's market supplement policy will be applied.

### **4.4 Local Government Pension Scheme (LGPS)**

The Council offers all its employees access to the Local Government Pension Scheme, in accordance with the statutory provisions of the scheme. From 1 April 2014 the Council automatically enrolls all new employees into the pension scheme.

Any pension payments made on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS.

The discretions which the Council is able to apply under the scheme upon termination of employment are the same for senior employees as for all other employees who are LGPS members.



#### **4.5 Flexible Retirement**

Under the Local Government Pension Scheme Regulations, an employer can consent to a reduction in an employee's hours or grade and consent to the release of pension benefits where the employee is aged 55 or over.

In all cases decisions must be based on the merits of each application and the needs of the service and not be influenced by the employee's wish for early payment of their pension scheme benefits.

The District Council's policy delegates authority to the Chief Executive & Corporate Leadership Team to determine such cases.

#### **4.6 Payments on Termination of Employment**

Other than payments made under the LGPS, the Council's payments to employees whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policies the Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and Redundancy.

Other than payments pursuant to the LGPS and Redundancy, the Council's policy is not to make any other termination payments, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

#### **4.7 Removal/Relocation expenses**

Where senior employees need to move house in order to take up an appointment with the Council, the Council will reimburse their removal, legal and other associated relocation costs in accordance with its policy, which sets maximum limits on the levels of payment. The policy was reviewed in 2019/20 and expenses capped at £6,000 and requires repayment in full if the employee leaves within 3 years of appointment.

#### **4.8 Acting up/additional responsibility payments**

Where employees are required to act up to a higher graded post or undertake additional responsibilities beyond those of their substantive post for a temporary period of time, they may receive an additional payment in recognition of the extra responsibilities. This policy applies to all employees.

#### **4.9 Car Provision**

The Council no longer offers subsidised lease cars.

#### 4.10 Other Payments and Allowances

##### KEY

\* - Contractual allowance, dependent upon nature of work undertaken

# - available to specific category of employee

> - available to all employees in accordance with Council policy

NA - Not available

Element of Remuneration	Chief Executive/ Head of Paid Service	1 <sup>st</sup> tier	2 <sup>nd</sup> tier	Other employees
Reimbursement of removal/ relocation costs on appointment	>	>	>	>
Acting-up/additional responsibility payments	NA	>	>	>
Car provision	N/A	N/A	N/A	N/A
Mileage rates	>	>	>	>
Payment of professional subscriptions or membership fees	NA	NA	*	*
Reimbursement of subsistence or other expenses	>	>	>	>
Provision of mobile telephones	>	>	>	>
Provision of landline telephones	*	*	*	*
Election fees	>	>	>	>
TOIL Scheme	NA	>	>	>
Bonus Payments	NA	NA	NA	NA

#### 4.10 Mileage payments

From April 2019 all employees are reimbursed at HMRC rates for approved mileage (currently 45p per mile for a car).

In addition our locally agreed Travel & Subsistence Policy confirms that whilst we will retain a distinction between casual car users and essential car users, the designation of essential user will be reviewed annual based on the number of miles undertaken in the previous year. Employee's exceeding 400 business miles in the previous year will be designated an essential user and receive a taxable sum (paid monthly) in contribution of the additional cost to providing their car for work.

Tier 1: 1,500 miles and above per annum- £1,200 per annum

Tier 2: 1,000 - 1,499 mile per annum- £800 per annum

Tier 3: 500 – 999 miles per annum- £400 per annum.

From April 2020, the previous year is taken as January to December to enable changes in essential user payments from April each year to be confirmed in January.

#### **4.11 Payment of professional subscriptions or membership fees**

The Council pays the professional subscriptions for the following posts only:

Director of Resources (as Section 151 officer): Chartered Institute of Public Finance and Accountancy (CIPFA).

Solicitors: Law Society Practice Certificate

Estates & Facilities Manager: Royal Institute of Chartered Surveyors (RICS)

#### **4.12 Reimbursement of Subsistence or Other Expenses**

In accordance with the Travel & Subsistence Policy, the following expenses are claimable after meeting conditions for approval of reimbursement within the scheme.

Subsistence:	Breakfast	£5.77
	Lunch	£0
	Evening Meal	£9.78

Car Parking: Fees actually incurred

Special Licences: HGV driving licence

Change in Place of Work: Compensation for additional travel incurred for a period 18 months due to a compulsory change in work place.

#### **4.13 Mobile Telephones**

Mobile telephones are provided to the Chief Executive and to other specific employees on the basis that they are necessary for them to undertake their duties effectively and to mitigate risk in lone worker situations. The Council funds the provision of the phone and business calls. Employees are expected to pay for personal calls.

#### **4.14 Landline Telephones**

A scheme of reimbursement applies to certain officers who are required to have a landline to effectively undertake their duties.

#### **4.15 Election Fees**

The Chief Executive receives fee payments pursuant to the appointment as Returning Officer at elections. The fees paid in elections vary according to the size of the electorate and number of postal voters. Fee payments for all but the District Council elections are set by the relevant body, and are in effect not paid by the Council, as the fees are reclaimed.

The fee for the Returning Officer therefore varies at each election. The Council has a policy of paying the maximum fee. Separate payments are made to the Deputy Returning Officer and other members of staff who work as part of the elections team, and are commensurate with time spent undertaking election duties.

#### **4.17 Payments for Additional/ Overtime Working**

The NJC Conditions of Service make provision for employees graded up to spinal column point 22, who undertake work outside of normal working hours, to receive appropriate overtime payments. Those above point 22 are not entitled to overtime payments but are allowed to take approved flexi time or time off in lieu.

In 2019/20, The District Council agreed to make overtime payment to staff above scale point 22 and below scale point 46 (entry point of Director grades) are required to work extra hours on a Major Incident or Emergency formally declared under the Major Incident Procedure (the Civil Contingencies Act which defines an emergency as “an event which threatens serious damage to human welfare, the environment or security of the UK). The objectives in declaring an emergency include saving lives and reducing harm, prevention of escalation, safeguarding the environment and the protection of property and the District Council would work in association with relevant emergency services during an incident. This initiative arose from having to respond to severe flooding in autumn/winter 2019/20.

The overtime payment scheme is not available to those officers whose conditions of service are determined by the Joint National Councils for Chief Executives or Chief Officers but TOIL may be granted.

#### **4.18 Bonus Payments**

No employees are eligible for bonus payments under the Joint Negotiating Committee for Local Authority Craft & Associated Employees.

### **SECTION 5: DECISION MAKING ON PAY**

- 5.1 The Council recognises the importance of ensuring openness and transparency and high standards of corporate governance, with clear lines of accountability, in its pay decision-making processes and procedures. Any pay-related decisions must be capable of public scrutiny, be able to demonstrate proper and appropriate use of public funds and ensure value for money. The arrangements adopted by the Council are designed to reflect these requirements, as well as ensuring compliance with all relevant legislation and other statutory regulation.
  
- 5.2 Any proposal to offer a new chief officer appointment on terms and conditions which include a total remuneration package of £100,000 or more, including salary, bonuses, fees or allowances which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment will be referred to the full Council for approval before any such appointment is advertised or before any such offer is made to a particular candidate.

## **SECTION 6: AMENDMENTS TO THIS PAY POLICY STATEMENT**

- 6.1 This interim pay policy statement relates to the financial year 2020/21.
- 6.2 The Council may agree any amendments to this pay policy statement during the financial year to which it relates.

## **SECTION 7: PUBLICATION OF AND ACCESS TO INFORMATION**

- 7.1 The Council will publish this pay policy statement on its website at [www.derbyshiredales.gov.uk](http://www.derbyshiredales.gov.uk) as soon as is reasonably practicable after it has been approved by the Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.
- 7.2 The information required to be published by the Council in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, and in accordance with the requirements of the Accounts and Audit (Amendment No. 2) (England) Regulations 2009, as referred to/set out in this pay policy statement, is also available on its website.
- 7.3 For further information about this pay policy statement please contact the Council's Human Resource Section on: 01629 761364 or by e-mailing [humanresources@derbyshiredales.gov.uk](mailto:humanresources@derbyshiredales.gov.uk)

Council

21 January 2021

Report of Director of Resources

## **PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2021/22**

### **PURPOSE OF REPORT**

This report informs the Council of the provisional Local Government Finance Settlement for 2021/22 together with its implications for the Council's finances.

The appendix to the report sets out the Council's response to the Government's consultation paper on the settlement.

### **RECOMMENDATION**

1. That the provisional Local Government Finance Settlement for 2021/22 be noted.
2. That the response to the Consultation Paper, as given in Appendix 1, be noted.

### **WARDS AFFECTED**

All Wards

### **STRATEGIC LINK**

The Local Government Finance Settlement has serious implications for the Council's finances, and therefore potentially has a negative impact on the Council's ability to deliver its Corporate Aims and Objectives.

## **1 BACKGROUND**

- 1.1 The provisional Local Government Finance Settlement for 2021/22 was reported to Parliament on 17<sup>th</sup> December 2020. The provisional settlement was accompanied by a consultation paper on the general nature of the proposed settlement, with responses to be considered by government before determining the final amount of Revenue Support Grant and its allocation to receiving authorities. Responses are required by 16<sup>th</sup> January 2021. In view of the short timetable, a response will be submitted by the deadline in consultation with Political Group Leaders, the Leader and Deputy Leader and Chair and Vice Chair of the Council. This is given in Appendix 1.
- 1.2 This report outlines the details of the national settlement, together with the local settlement for the District Council.

## 2 REPORT

### 2.1 The National Settlement

The key headlines of the national settlement are set out below:

- 2.1.1 Local government has received an average **Core Spending Power (CSP)** increase of 4.5% (£2.2bn). This increase in CSP is better than in any year for more than a decade (with the exception of 2020-21) and represents real terms growth. It will do very little to address local government's funding shortfall, or the very serious funding problems in some local authorities.
- 2.1.2 However, a particularly worrying feature of the settlement is the increased reliance on increasing council tax. 87% of the increase in CSP is from council tax increases, and is accompanied by relatively low increases in grant funding. Social care authorities will be able to increase Band D by up to 5%, and district councils will be able to increase by the higher of 2% or £5 (expected but still very welcome). Fire authorities will still only be able to increase their Band D by 2% - even though police and crime commissioners can increase their precept by up to £15. There is no wider dispensation to allow councils to increasing council tax, even where councils are really struggling.
- 2.1.3 Very little of the new grant increases are funded with new money. Almost all the increases are funded by using the New Homes Bonus (NHB) returned surplus. This approach breaks the principle of returning the surplus to local government and thus makes forecasting more difficult.
- 2.1.4 A new grant (**Lower Tier Services Grant**) effectively uses £111m of the NHB returned surplus. It is a peculiar grant with the purpose of helping to minimise the range of increases in CSP, and particularly to ensure that no authority receives a reduction in CSP. It is very heavily weighted towards district councils, and particularly those that are losing from the changes in NHB. It is probably a short-term grant that will disappear when wider reforms of local government funding are introduced (possibly in 2022/23)
- 2.1.5 There are particularly large increases in COVID funding. Allocations from tranche 5 of the COVID funding (£1.55bn) have been announced, alongside a methodology for distributing the £670m to support council tax. At first glance, the proposals for compensating authorities for tax income support seem more generous than expected, but we have not yet had time to fully review the proposals.
- 2.1.6 Other key elements in the 2020-21 provisional settlement are:
- Revenue Support Grant (RSG) will be increased in line with the Consumer Price Index (CPI) (£13m, 0.55%).
  - Negative RSG. There will continue to be no adjustment for "negative RSG" (i.e. "negative RSG" continues to be funded).
  - Baseline Funding Level (BFL – the baseline share of business rates that an authority is allowed to keep) will be frozen in 2021/22 because the business rate multiplier will be frozen in 2021//22 However there will be a grant to compensate councils for income lost by the decision to freeze the multiplier in 2021/22.

- Council tax. MHCLG assumes every authority will increase Band D council tax by the maximum allowed, which is £5 per Band D (2.33%) for DDDC. In its CSP figures, MHCLG has assumed that the taxbase will increase in 2021/22 for each authority in line with their average taxbase increase since 2016/17. The taxbase will most likely be much lower than this because COVID has resulted in lower growth rates and lower collection rates, combined with higher costs of Local Council Tax Support.
- Social care funding. Existing social care grants will continue (£1.8bn Improved Better Care Fund (IBCF), £240m Winter Pressures, and £1,410m social care support grant). A further £300m social care grant was announced in the Spending Review 2020 (SR20) – but only £150m is new money, with £150m top-sliced from New Homes Bonus. The Government estimate that local authorities will have access to an additional £1.0bn of resources, based on £300m additional funding for social care and a further £0.7bn raised from the precept.
- New Homes Bonus. It is estimated that the overall cost of New Homes Bonus will be £622m, which in theory leaves a surplus of £278m (out of the £900m budget) to be returned to local government. There will be no returned surplus in 2021/22.
- Rural Services Delivery Grant. Increase in funding (4m to £85m) compared to 2020/21, and no change in methodology (funding will be received by authorities in the top-quartile for super-sparsity).

2.1.7 The Fair Funding Review and Business Rates Retention Review have been deferred for a further year; the outcome will not be implemented until 2022/23.

## 2.2 The District Council's Provisional Settlement for 2021/22

2.2.1 The provisional figures are expected to be confirmed in late January or early February 2021, when the Government announces the final settlement. The key points of the provisional settlement are set out below.

2.2.2 The **core spending power** for this Council has increased from £9,165,000 (adjusted) in 2020/21 to £9,281,000 in 2021/22 (an increase of 1.27%). The table below shows how the core spending power for Derbyshire Dales District Council is calculated and the elements of change:

Source of Funding	2020/21 Adjusted £000s	2021/22 £000s	Change £000s	Change %	Comments
Settlement Funding Assessment	1,675	1,675	0	0.0%	
New Homes Bonus	631	398	-233	-36.93%	
Rural Services Delivery Grant	401	421	20	5.0%	
Council Tax (excl. parish precepts)	6,391	6,629	238	3.72%	Assumes £5 increase in council tax and growth in tax base at same level as last 5 years.
Compensation for under-indexing the business rates multiplier	67	87	20	29.85%	
Lower Tier Services Grant	0	71	71		New for 2021/22
<b>Total Core Spending Power</b>	<b>9,165</b>	<b>9,281</b>	<b>116</b>	<b>1.27%</b>	



- 2.2.3 The 2021/22 **Settlement Funding Assessment** of £1.675 million is the same as for 2020/21. This is £23,000 less than the amount assumed in the Council's Medium Term Financial Plan for 2021/22 where an inflationary increase had been expected;
- 2.2.4 A new **Lower Tier Services Grant** Of £71,000 for 2021/22 helps to ensure that no authority receives a reduction in CSP.
- 2.2.5 **Negative Revenue Support Grant** has been funded in the settlement so is no longer a cost pressure in 2021/22. The MTFP had assumed a cost of £380,000;
- 2.2.6 The **New Homes Bonus** (NHB) has been retained but 2021/22 new allocations will be for 2020/21 only, with no legacy payments. The government will make legacy payments on allocations made in earlier years which are due to be paid in 2021/22. There will be no returned surplus in 2021/22. This results in NHB of £398,000 for 2021/22, which is £233,000 less than 2020/21 but £109,000 more than had been assumed in the MTFP.
- 2.2.7 **Rural Services Delivery Grant** increases by 5% to £421,000. In the MTFP approved in August we had assumed that this grant would reduce to £200,000 in 2021/22; this means that RSDG for 2021/22 is £221,000 more than included in the MTFP;
- 2.2.8 The **increase in the Council Tax** income shown in the table above at 3.72% reflects the government's assumed maximum £5 (2.33%) increase (on Band D), as well as an increase in the council tax base that reflects new homes at a rate of growth equal to that over the last 5 years. This rate of growth is probably over optimistic. The MTFP assumed a council tax increase of 1.94% (£4.16 per band D).
- 2.2.9 The increases in grants and council tax over the assumptions in our medium term financial plan amount to an increase in funding of £858,000 for 2021/22 as shown in table 2 below.

Source of Funding	MTFP £000s	Settlement £000s	Change £000s	Change %	Comments
Settlement Funding Assessment	1,698	1,675	-23	-1.4%	MTFP assumed inflationary increase
Negative RSG	-380	0	380	-100.0%	Negative RSG removed from settlement
Compensation for under-indexing the business rates multiplier	68	87	19	27.94%	
Lower Tier Services Grant	0	71	71		New for 2021/22
New Homes Bonus	289	398	109	37.72%	
Rural Services Delivery Grant	200	421	221	110.5%	
Council Tax (excl. parish precepts)	6,548	6,629	81	1.24%	Assumes £5 increase in council tax and growth in tax base at same level as last 5 years.
<b>Total Core Spending Power</b>	<b>8,423</b>	<b>9,281</b>	<b>858</b>	<b>10.19%</b>	

#### 2.2.10 COVID-19 funding

The District Council has been allocated £294,000 from tranche 5 (2021/22) of the COVID funding, alongside a methodology for distributing further funding to support

council tax. At first glance, the proposals for compensating authorities for tax income support seem more generous than expected, but we have not yet had time to fully review the proposals.

#### 2.2.11 Officer Comments

##### **A one year settlement**

This settlement relates to 2021/22 only and there is no certainty that this level of funding will continue into future years. While the provisional settlement results in significantly more grant being received for 2021/22 than had been anticipated in the medium term financial plan, it is more difficult to predict the level of finance settlement that might be received from 2022/23 onwards given the lack of clarity over future funding levels.

The positive settlement for 2021/22 should not be taken as an indication of the likely funding position in future years. Significant changes in local government finance are due to take place from 2022/23. For example, the retained business rates of £1.675m for 2020/21 could be reduced significantly as part of the government's review of business rates retention, Rural Services Delivery Grant (£421,000 in 2021/22) and Lower Tier Services Grant (£71,000 in 2021/22) could disappear after the Fair Funding Review. New Homes Bonus is expected to reduce from £398,000 in 2021/22 to £218,000 in 2022/23 and possibly be removed altogether after that.

#### 2.2.12 Conclusion

The settlement for 2021/22 is much better than expected and will enable a balanced budget to be set for that financial year. However, most of the financial uncertainties for future years, that have been explained repeatedly, still remain. This settlement helps greatly for 2021/22 but the financial uncertainties and need for corporate savings remain for subsequent years.

### **2.3 Consultation**

Responses to the consultation paper are required by 16 January 2021. In view of the short timetable, a response has been submitted by the deadline in consultation with Political Group Leaders, the Leader and Deputy Leader and Chair and Vice Chair of the Council. This is given in Appendix 1. Suggested responses from the Rural Services Network will be considered when drafting the Council's responses.

## **3 RISK ASSESSMENT**

### 3.1 Legal

This report is for noting. The implications are that this will enable a balanced budget to be set for that financial year, thus the legal risk of this report is low.

### 3.2 Financial

As stated in the body of the report, the 2021/22 provisional settlement funding assessment is the same as awarded in 2020/21 but this remains significantly less than prior years. As shown in table 2 the provisional settlement results in the Council

receiving £858,000 more in 2021/22 than anticipated in the Medium Term Financial Plan. However, the positive settlement for 2021/22 should not be taken as an indication of the likely funding position in future years. The Council needs to maintain a degree of caution until the outcome of the government reviews on business rates retention and “Fair Funding” are known and the funding position for 2022/23 onwards has been clarified. An updated Medium Term Financial Strategy and an updated Medium Term Financial Plan will be reported to Council in March 2021. Significant corporate savings may still be required from 2022/23 onwards and therefore the financial risk is assessed as “high”.

### 3.3 Corporate Risk

The financial risk as described above may have significant implications for the Council’s future ability to deliver its priorities, and to provide services at the current levels. The corporate risk is, therefore, high.

## 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.

## 5 CONTACT INFORMATION

- 5.1 Karen Henriksen, Director of Resources, Tel: 01629 761284

Email: [karen.henriksen@derbyshiredales.gov.uk](mailto:karen.henriksen@derbyshiredales.gov.uk)

## 6 BACKGROUND PAPERS

- 6.1 The Provisional Local Government Finance Settlement, consultation paper and all supporting documents can be found at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022>.

## 7 ATTACHMENTS

Appendix 1 – Response to consultation paper – **to follow**

Council

21st January 2021

Report of Director of Resources

## **LOCAL COUNCIL TAX SUPPORT FOR 2021/22**

### **PURPOSE OF REPORT**

This report provides information relating to proposed changes to, and seeks approval to adopt, the Local Council Tax Reduction Scheme for the financial year 2021/22.

### **RECOMMENDATION**

1. That under section 13A (1)(a) of the Local Government Finance Act 1992, the Council approves and adopts the scheme detailed in this report as the local Council Tax Reduction Scheme for 2021/22.
2. That a maximum total amount of £18,000 be set provisionally for all Discretionary Hardship Fund applications under Schedule 11 of the scheme for 2021/22 (to be reviewed by a further report to Council during the year if it appears that this amount may be insufficient).

### **WARDS AFFECTED**

All wards

### **STRATEGIC LINK**

The adoption of a local Council Tax Reduction Scheme is a statutory requirement but links to the Council's priorities of "people" and "prosperity" as it provides financial support to pensioners and working age people on low incomes. This benefits the recipients directly but also benefits the local economy if spent in the area.

## **1 BACKGROUND**

- 1.1 The government abolished Council Tax Benefit from April 2013 and replaced it with Local Council Tax Reduction Schemes, to be determined by each Council.
- 1.2 The scheme approved and adopted for 2013/14 (and retained for all subsequent years) was based on the government's default scheme as set down in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (S.I. 2012 No 2886, as amended) which replicated the provisions for Council Tax Benefit but subject to the following amendments:
  - (a) The amount of any reduction for working age claimants is reduced by 8.5;

- (b) The period for extended payments is increased from four to eight weeks to assist claimants who move back into work;
- (c) The full amount of income from war widow pensions etc. is disregarded in the calculation of income (instead of standard £10 disregard);
- (d) Provision is made for additional awards in cases of hardship, with the budget available in 2020/21 being £18,000.

1.3 It should be noted that the local scheme originally adopted from 1<sup>st</sup> April 2013 and retained for subsequent years, continues to be well received and unlike similar schemes elsewhere has neither been subject to Judicial Review or criticism from the Valuation Tribunal Service (who hear appeals on council tax support calculations). It should also be noted that the Council has not been required to attend a VOA Appeal Tribunal to defend decision making on individual claims under the terms of its scheme. This has not been the case for some neighbouring councils.

1.4 The Council has previously consulted widely on this scheme that protected working age claimants from significant reductions with the remaining savings achieved from other changes to Council Tax discounts on empty properties and second homes.

## 2 REPORT

2.1 The local Council Tax Reduction Scheme must be reviewed annually and any changes made approved no later than 31st January in the financial year preceding that for which the changes are to have effect. **No significant technical changes are proposed to the scheme to be adopted for 2021/22 and so no new consultation with the public or with precepting authorities has been necessary.** The Benefits Manager is required to monitor expenditure in-year and is satisfied that based on projected caseload and relevant changes occurring that the costs of the 2021/22 scheme falls within budget.

2.2 A regular in-year review continues monitoring the impact of Full Service Universal Credit on local resident's entitlements and their ability to budget for the payment of council tax. These findings will inform our decisions on changes to our future year's scheme. A small number of local authorities have replaced their income related means tested scheme with a 'banded scheme'.

2.3 The government makes annual changes to the prescribed elements of the scheme for pensioners by uprating the allowances, premiums and non-dependent deductions used in the calculation of a reduction. At the time of writing this report the government had not published the regulations that will apply to 2021/22. The regulations are not expected to contain significant changes but if the regulations have been published and they contain significant changes, a verbal update will be given at the Council meeting.

2.4 Working age equivalent figures are also subject to annual uprating and so will increase by a small percentage during the coming financial year. Any changes to the allowances, premiums and non-dependent deductions for working age claimants remain at the discretion of the local authority but we tend to update these amounts in advance of next year's scheme by reference to the annual uprating circular published by the Department for Work & Pensions for housing benefit purposes. At the time of

writing this report the DWP had not published the circular that will apply to 2021/22. The uprating circular is not expected to contain significant changes but if the circular has been published and contains significant changes, a verbal update will be given at the Council meeting.

- 2.5 The amounts in that circular are replicated in the 'Prescribed Requirements' regulations for pensioners. The circular also contains the working age uprating's to be used for housing benefit calculations.
- 2.6 As part of the Government's ongoing Welfare Reform, some technical changes to the national Housing Benefit Scheme have occurred over successive years. The decision has previously been made not to mirror these changes within the Local Council Tax Reduction Scheme for working age households during 2021/22 as the impacts concerned lead to individual families being impacted on disproportionately. The overall impact of this decision on the cost to the Council's scheme is minimal, but will again be subject to an ongoing review in planning subsequent years' schemes.
- 2.7 It is proposed, in the interests of clarity and equity that all allowances, premiums and non-dependent deductions and any other associated amounts in the scheme be uprated for both pensioner and working age claimants in line with the 'Prescribed Requirements' regulations and the DWP Uprating Circular mentioned in paragraphs 2.3 and 2.4. **No other changes to the local scheme for 2020/21 are proposed.** These documents provide changes to the financial amounts used in the means test adopted to calculate entitlements and are not significant and will be incorporated into the Council's scheme for 2021/22.
- 2.8 Alongside the 'main' Local Council Tax Support Scheme, the Council also has a Discretionary Hardship Fund (see paragraph 2.9 below) to provide further financial support to CTS applicants facing undue financial hardship. This is intended to help those low income households that have council tax to pay after a main CTS reduction, giving them extra help to pay that balance. It is also used to pay the 8.5% remaining council tax liability (after the CTS has been deducted from the council tax bill) for working age claimants who have other debts. Referrals are taken from Citizens Advice Bureau locally and from other similar partner agencies.
- 2.9 When setting the budget for 2020/21 a budget of £18,000 was approved for the Discretionary Hardship Fund. COVID-19 resulted in additional Government Hardship Funds of £338,000 being paid to the Council during 2020/21 and this has been used to give up to £200 additional assistance to all households on CTS and to provide £60,000 to provide support for individual hardship applications. The existing discretionary fund has been combined with the larger Covid Hardship Fund and used appropriately to support the most vulnerable households in our community.
- 2.10 While the Council does not have limitless financial resources, it is suggested that the Discretionary Hardship Fund budget be retained at £18,000 for 2021/22, with permission to request a small increase on that budget, were the adverse impacts of COVID-19 to continue into the new financial year. Reassurance is given to elected members that such a request would only be made were the impacts of the current pandemic to continue despite the introduction of a vaccination programme nationally.
- 2.11 One set of Local Scheme Regulations are prepared comprising sections dealing with applications from pensioner claimants (formerly the prescribed regulations) and a

separate section for working age customers. Due to their combined size (in excess of 100 pages), the complete proposed local Council Tax Reduction Scheme for 2021/22 is intended as a background paper to this report and will be available to Members on request. The final adopted scheme for 2021/22 will be published in full on the Council's website by 31st March 2021.

- 2.12 An Equality Impact Assessment (EIA) is in place for the LCTS scheme. A copy is available on the Council's website [here](#). The changes proposed in this report are not significant so do not necessitate an immediate refresh of the EIA. However, a refresh of the EIA is planned to take place during 2021 as good practice.
- 2.13 It should also be noted that Derbyshire District Citizens Advice Bureau and Age UK continue to give positive feedback to the Council's Benefit Manager for its fairness of treatment of low-income households under the provisions of the Local Scheme compared to neighbouring schemes within the east midlands area.

### **3 RISK ASSESSMENT**

#### **3.1 Legal**

The adoption of the Council Tax Reduction Scheme accords with the statutory provisions. The legal risk in that regard is low.

All decisions taken by the Council, all services provided or enabled by the Council and all personnel functions of the Council are required to take account of the Equality Duty. Failure to comply with the Equality Duty would render the Council open to legal challenge. As there are no significant changes to the scheme proposed for 2020/21, a full consultation exercise was not deemed necessary.

#### **3.2 Financial**

Expenditure on CTS has increased during the current year, reflecting the fact that local families are financially worse off as a result of social security benefit changes and the adverse impact financially for local people unable to work due to COVID-19 lockdown arrangements or having tested positive for Coronavirus. The council tax charge itself has been subject to general increases prompted by the Council and local precepting authorities, which acts again to increase the cost of the scheme.

It is hoped that caseload (the numbers of households successfully claiming) will stabilise, and ultimately return to normal once a national vaccination programme starts to contain the spread of Coronavirus and enables local people to return to their normal occupations.

All of the above has a direct impact on collection rates and the council tax base. Should there be future significant increases in claims for LCTS, over and above that already reflected in the council tax base, the financial risk may increase. However, it should be noted that the government has announced further financial support to local authorities in 2021/22 to help to mitigate this risk. To reassure all, the cost of the scheme is routinely monitored by the Council's Benefits Manager to identify potential budgetary risks. No significant changes are proposed for the 2021/22 scheme; however were risks likely to occur in future years, changes could be expected. Any significant changes to LCTS for future years would require external consultation in order to meet Government guidelines for implementation of such changes.

As explained above, certain factors have increased the cost of the Local Scheme and generally stated these economic and social factors are outside the Council's control or direct influence. While careful monitoring does take place, it is impossible to mitigate fully against the risk of increased claims. The financial risk is therefore assessed as "high".

#### **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**

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Paul Radcliffe, Benefits Manager  
Tel. 01629 761271; Email [paul.radcliffe@derbyshiredales.gov.uk](mailto:paul.radcliffe@derbyshiredales.gov.uk)

#### **6 BACKGROUND PAPERS**

Council Tax Reduction Scheme 2021/22

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021  
Not published at the time of writing this report.

DWP HB A1/2020 (Revised) DWP 'Housing Benefit: Uprating 2021/22  
Not published at the time of writing this report.

#### **7 ATTACHMENTS**

None



Council

21st January 2021

Report of the Chief Executive

## **RESILIENCE, RESOURCES, PRIORITIES - FINANCIAL SERVICES TEAM RESTRUCTURE**

### **PURPOSE OF REPORT**

This report sets out proposals to amend the structure of the Financial Services Team to provide adequate resilience and resources to meet the ongoing demands of the service and seeks approval for the creation of additional posts and associated expenditure.

### **RECOMMENDATION**

That the proposed changes to the structure of the Financial Services Team be approved with immediate effect and the costs be included in the revised estimates for 2020/21 and the draft budget for 2021/22.

### **WARDS AFFECTED**

None

### **STRATEGIC LINK**

The Financial Services Team has a key role in supporting the District Council to deliver on its Corporate Plan and key objectives, especially the Corporate Savings Target, the Medium Term Financial Strategy, Capital Strategy, Investment Strategies and Treasury Management Strategy. These all support the overall financial health and sustainability of the Council.

## **1 BACKGROUND**

1.1 There are significant expectations and demands placed upon the Financial Services team. These demands are underpinned by statutory requirements, good practise and expectations from within and outside the organisation. The Financial Services team provides a number of services in addition to the core Accountancy function, including Insurance, VAT and Treasury Management. Responsibility for Accounts Payable and Receivable will return in-house from 18 January 2021, following the expiry of the contract with Arvato. The responsibility for the management and operation of the Income Management System also falls within the remit of the section, and this has taken up a significantly higher amount of resource in recent months.

## **2 REPORT**

2.1 It has been obvious for some time that the current Financial Services structure is insufficient to meet all of the requirements of the service. This has resulted in prioritising certain tasks to the detriment of others, whilst also contributing to high

workloads and stress across the team, contributing to the resignations of key team members. The turnover of the Financial Services Manager post (twice in a two year period) may also have impacted effective process improvement, and it has recently been found that some tasks, which were previously routinely completed, are no longer being carried out as frequently or to the required standard. There is also evidence of Single Person Dependencies, which is a risk in terms of business continuity. Another key team member resigned in December 2020, citing workload and stress as the reasons.

2.2 The increase in the workloads pre-date the increased demand arising during the coronavirus pandemic. The demands placed upon the service have grown over a number of years due to:

- increasingly complex accounting rules;
- a new requirement for the completion of the Statutory Statement of Accounts in two months, rather than three;
- changing requirements for Collection Fund (council tax and business rates) accounting;
- the outsourcing of revenues and benefits (some decisions have to be made by the Council even though the service is outsourced);
- late finance settlements and long term uncertainty about the funding of the Local Government sector;
- increased sanctions from HMRC for VAT accounting errors (at the same time as the loss of VAT knowledge from the organisation with the turnover of the Financial Services Manager post), as well as the Making Tax Digital project;
- An increase in the number and complexity of reports to central government.

These factors have all contributed to increasingly difficult and complex workloads.

2.3 Going forward, the team is also expected to address:

- The management of the accounts payable and accounts receivable functions from 18 January 2021;
- The standards required by the CIPFA Financial Management Code from 1<sup>st</sup> April 2021;
- A new accounting standard for leases;
- Improvements / upgrades to the Financial Management and Income Management Systems.

2.4 Whilst workloads are seen to be extremely high across the team at present, much of this pre-dates the additional workload arising from the coronavirus pandemic. There appear to be bottlenecks and pinch points as seniority increases; a consequence of this is understood to be the turnover of the Financial Services Manager role (which has been vacated twice in the last few years, partly due to the pressures and responsibilities placed upon this post). A number of team members have highlighted issues with workloads and a struggle to take annual leave. Increasing demand for financial expertise, aligned with inadequate resource and more complicated issues creates a perfect storm environment.

2.5 Furthermore, it is not expected that additional external pressures and priorities will subside and this could result in a spiral of declining performance and output from the service, and the associated pressure and poor mental health impacts that would follow.

There is a high risk that other members of staff will leave the organisation if these issues are not addressed resulting in a situation where key tasks may not be completed within deadlines or controls, such as budget monitoring, will cease to be applied.

## Proposals

- 2.6 An exercise has been undertaken to identify the demands on the financial services team and to then assign responsibilities to posts to ensure that there will be adequate capacity. The structure of the financial services team has been reviewed in light of this exercise.
- 2.7 In order to create some stability in the post of Financial Services Manager, it is necessary to create capacity by increasing resources in the tiers below so that some duties can be cascaded down. This particularly applies to the line management responsibilities where the post currently has three direct reports but this could potentially increase to seven in January with the return of the accounts payable and accounts receivable functions. It will also:
- remove areas of single person dependency (such as VAT);
  - contribute towards the good stewardship of the organisation and compliance with CIPFA's Financial Management Code;
  - allow more time for coaching, mentoring and continuing professional development; and
  - provide more support to the Director of Resources.
- 2.8 The following changes are proposed (at top of grade, including NI and pension contributions and subject to JE):

Table 1: Proposed changes

	Proposed change	Estimated additional cost p.a.	Additional FTEs
A	Increase the Principal Accountant post from 0.8 FTE to full time (the current post holder has just resigned)	£9,929	0.2
B	Create additional full time post of Senior Accountant	£46,195	1
C	Create additional post of Accounting Technician	£29,014	1
D	Create additional full time post of Accountancy Assistant	£24,080	1
E	Delete apprentice post	-£19,940	-1
F	Review grades of other posts due to taking on additional responsibilities	£6,812	0
	Total	£96,090	2.2

Some job titles will also be updated, with no change to grading.

- 2.9 The financial impact of the proposed structure (at top of grade) is summarised below:

	FTE	Cost
Current Structure	10.2	£343,659
Proposed structure*	12.4	£439,749
Increase	2.2	£96,090
Less amount available from budget for revenues and benefits and invoice processing contract		-£55,000
Additional Annual Funding Requirement		£41,090

\*subject to JE and consultation with team & HR.

### **3 RISK ASSESSMENT**

#### **3.1 Legal**

The Council is required to comply with the relevant financial regulations and the additional posts will ensure the Council is not a risk of breaching any of the requirements due to workload pressures. Further, reports of stress put the Council at risk of possible employer liability claims. The additional posts are a proportionate measure to reduce the risk to the Council. The consequences of not approving the additional posts means the risk is high.

#### **3.2 Financial**

The report proposals result in additional ongoing revenue expenditure of £41,090 per annum. In 2021/22 this can be funded from the additional government funding received as part of the 2021/22 provisional Local Government Finance Settlement. For future years all spending will be reviewed if the outcome of the Fair Funding Review and the Business Rates Review mean that there is a significant funding gap. The financial risk is assessed as medium. However, the financial risk from inadequate staffing levels leading to VAT errors, missed grant deadlines and substandard financial management would be high.

### **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.

### **5 CONTACT INFORMATION**

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### **6 BACKGROUND PAPERS**

None

### **7 ATTACHMENTS**

None