

Guildhall Gainsborough

Lincolnshire DN21 2NA

Tel: 01427 676676 Fax: 01427 675170

## AGENDA

This meeting will be streamed live (at the link below), recorded and the video archive published on our website

**Governance and Audit Committee**  
**Tuesday, 13th April, 2021 at 2.00 pm**  
**Virtual - MS Teams**

<https://west-lindsey.public-i.tv/core/portal/home>

**Members:**

- Councillor John McNeill (Chairman)
- Councillor Mrs Jackie Brockway (Vice-Chairman)
- Councillor Stephen Bunney
- Councillor Mrs Tracey Coulson
- Councillor David Dobbie
- Councillor Mrs Caralyne Grimble
- Councillor Mrs Angela White
- Alison Adams
- Andrew Morriss
- Peter Walton

1. **Register of Attendance**
2. **Public Participation Period**  
Up to 15 minutes are allowed for public participation.  
Participants are restricted to 3 minutes each.
3. **Minutes of Previous Meeting** (PAGES 3 - 10)  
To approve the minutes of the meeting held on 9 March 2021.
4. **Members Declarations of Interest**  
Members may make any declarations of interest at this point but may also make them at any point during the meeting.
5. **Matters Arising Schedule** (PAGE 11)  
Matters Arising schedule setting out current position of previously agreed actions as at (add despatch date).

Agendas, Reports and Minutes will be provided upon request in the following formats:

Large Clear Print: Braille: Audio: Native Language

## **6. Public Reports for Consideration**

- i) Report on work undertaken by the Governance & Audit Committee 2020/21 (PAGES 12 - 19)
- ii) Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code (PAGES 20 - 42)
- iii) Annual Governance Statement 2019/20 Action Plan Progress Report (PAGES 43 - 50)
- iv) Report on Progress Against the Committee's Effectiveness Action Plan (PAGES 51 - 55)
- v) Annual Constitution Review and Monitoring Officer Report 20/21 for Recommendation to Council. Approval of amended Contract and Financial Procedure Rules (PAGES 56 - 241)

## **7. Workplan**

(PAGES 242 - 244)

Ian Knowles  
Head of Paid Service  
The Guildhall  
Gainsborough

Thursday, 1 April 2021

Governance and Audit Committee- 9 March 2021  
Subject to Call-in. Call-in will expire at 5pm on

## WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Virtual - MS Teams on 9 March 2021 commencing at 2.00 pm.

### Present:

Councillor John McNeill (Chairman)  
Councillor Mrs Jackie Brockway (Vice-Chairman)

Councillor Stephen Bunney  
Councillor Mrs Tracey Coulson  
Councillor Mrs Caralyne Grimble  
Councillor Mrs Angela White  
Alison Adams  
Andrew Morriss  
Peter Walton

### In Attendance:

Alan Robinson	Director of Corporate Services and Monitoring Officer
Emma Bee	Audit Manager
Tracey Bircumshaw	Assistant Director of Finance and Property Services and Section 151 Officer
Caroline Capon	Corporate Finance Team Leader
Mark Dalton	
Michael Norman	Auditor Mazars
James O'Shaughnessy	Corporate Policy Manager & Deputy Monitoring Officer
Ele Snow	Democratic and Civic Officer
Katie Storr	Senior Democratic & Civic Officer
James Welbourn	Democratic and Civic Officer

### Apologies:

### Membership:

## 52 PUBLIC PARTICIPATION PERIOD

There was no public participation.

## 53 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 12 January 2021 were approved as a correct record.

## 54 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interests.

## 55 MATTERS ARISING SCHEDULE

The matters arising schedule was noted.

## **56 ADDITION TO THE CIVIC HONOURS SCHEME - ADOPTION BY THE DISTRICT**

Members considered a report introducing a process, as part of the Civic Honours Policy, by which the Council may grant Instruments of Adoption.

The Council did not previously have a policy allowing a 'freedom' to be converted into an 'adoption', although it did have a policy under which Civic Honours could be granted.

The report set out the difference between these two terms, and also set out the fundamental requirements for a parade.

Given that the processes around freedoms and adoptions were similar, it was requested that the Council always granted a freedom in the first instance.

The report was moved and seconded, and following a vote it was unanimously **RESOLVED** to:

- (1) Approve the summary, criteria and the instrument of adoption process as attached at Appendix 1 of the report for inclusion in the Civic Honours Policy.
- (2) Grant delegated authority to the Chief Executive, in consultation with the Chairman of the Council, to convert the awarding of a Freedom to the awarding of an Instrument of Adoption, should the recipient make such a request. A requirement of the delegation being that all Members are notified within 5 days of the decision being made.

## **57 ACCOUNTS CLOSEDOWN 2020/21 ACCOUNTING MATTERS**

Members considered a report asking for a review of, and approval of accounting policies, actuary assumptions and materiality levels that will be used in the preparation of the 2020/2021 accounts.

**Note:** Peter Walton joined during this item.

Also outlined was the process of the External Audit of the Statement of Accounts and the approach to the Value for Money audit 2020/2021.

The following pieces of information were highlighted:

- Local authorities were required to publish an audited Statement of Accounts by the end of September; however there may be further changes to statutory deadlines in the coming months;
- The National Audit Office had introduced a new code of practice. There were a number of changes to financial and reporting requirements;
- There had been a change to the fee charged by Mazars, the external auditors. This fee had increased to £42,000, but the Government had apportioned extra funding to

meet increased audit fee requirements;

- There had been minimal changes to the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice, and no changes to accounting policies;
- The pension fund had had a change of actuary, which had resulted in a change of assumptions. There were no known proposals that could impact on these assumptions;
- The materiality level set by External Auditors was £900,000, and the triviality, or insignificance level was set at £27,000.

Members then provided comments on the report, and asked questions of officers. Further information was provided:

- Auditors were faced with extra work on property, plant and equipment and pensions. They also have a new audit code; these and other reasons resulted in the increased fee in their services;
- The Council was provided with detailed explanations of pensions forecasting, and the Council's triennial report took this into account. The Council's pension fund was pooled, so whilst investments were held as one fund, West Lindsey's investments were protected in a separate scheme;
- Certain criteria needed to be satisfied before assets could be labelled as 'assets held for sale', and they must be externally marketed. If priorities changed for the Council, then assets could be changed back to 'non-current';
- The Council used elements of Community Infrastructure Levy (CIL) contributions for capital schemes, and those contributions were detailed in the capital programme. The amounts were collected on a regular basis until they could be paid over to other organisations;
- The materiality level set by the External Auditors was typically calculated by using a figure of 2% of gross expenditure;
- IFRS 16 introduced significant changes in the treatment of leases for financial reporting purposes. However, it had been delayed and would not be applicable until 1<sup>st</sup> April 2021. Leases would need to come onto the Council's balance sheet;
- Any changes in the political or economic environment would be taken into consideration;
- There had previously not been any trading on the property fund due to uncertainty, but this had now been re-opened. Economic certainty was returning, but uncertainty remained a risk to the accounts;
- Property valuations were actively challenged. Due to mitigations in place, the risk around these valuations had reduced from a 9 to a 6. The professionalism of outside

individuals were relied on to inform valuations;

- There were strong policies in place to mitigate risks around the economy, and in particular these mitigations would be looked at through the Medium Term Financial Plan.

Investment had been gained from the investment portfolio, and the balance sheet around property, plant and equipment had performed well.

The recommendations within the report were moved, seconded and it was **RESOLVED** to:

- (1) Approve the proposed accounting policies, including at Appendix 1 of the report;
- (2) Be satisfied that the pension assumptions, risk assessment and key closedown dates had been scrutinised;
- (3) Approve the proposed materiality levels as included at section 5 of the report;
- (4) Accept the main accounting changes for 2020/2021 and onwards as shown at section 3 of the report.

## **58 EXTERNAL AUDIT STRATEGY MEMORANDUM (PLAN) 2020/21**

Members considered the 2020-2021 External Audit Strategy from the External Auditors, Mazars.

As an introduction, Mazars highlighted the planned fees for the audit, including the additional fees. The independence and objectivity of the audit approach was confirmed within the report. It was expected that the audit would be complete by the end of September 2021; in addition, it was likely that the audit would be carried out remotely as it was in 2020. Further information was highlighted as below:

- Significant audit risks were detailed at section 4 of the report; the enhanced risks were the same as in previous years. There had been one non-audit piece of work carried out by Mazars for West Lindsey District Council on housing benefit subsidies. Mazars were satisfied that this work did not represent a conflict of interest for them;
- The new Annual Auditor's Report replaced its previous iteration, the Annual Audit Letter;
- There was a new code of practice for 2021. One of the main changes related to Value for Money (VfM) work. Also under the new code of practice there would be a disappearance on a binary conclusion, which would previously have been a 'qualified' or 'unqualified' opinion. This would be replaced by a narrative commentary which could cover financial sustainability, good governance and effectiveness. This new narrative would require more input from internal management and Mazars;
- It was now required that weaknesses be reported as soon as they were identified rather than waiting for the end of the audit cycle.

Members then asked questions of the External Auditors. Further information was highlighted:

- The 25% additional grant funding from government was offered with the aim of recognising the upward pressure on audit fees. This 25% extra funding was a general fund based on assumptions;
- The information would be presented in a different way as the code of audit practice was refreshed every five years and led to updated guidance for auditors. This refresh was an opportunity to enable and encourage findings in auditors' work;
- In the long-term auditors could qualify their opinion on the group accounts if they felt that there were assets, liabilities or other elements of turnover which weren't fairly reflected. However, before this stage were reached there would be discussions with internal management on any issues with single entity accounts, as well as a second stage of reporting to the Governance and Audit Committee.

The policy around Minimum Revenue Provision (MRP), and the transactions between the Council and the staffing agency would be examples of variations from audit guidance, but were fully transparent, and taken on an annual basis.

The report was moved, seconded, and following a vote it was **RESOLVED** to approve the External Audit Strategy Memorandum Plan for 2020/2021.

## 59 COMBINED ASSURANCE REPORT 2020/21

Members considered the Council's Combined Assurance Report for 2020/2021.

The following points from the report were highlighted:

- When compared to the findings from previous years in relation to risks and projects the impact of Covid had been realised. Resources within the Council had been diverted and work had had to be re-prioritised to make sure that staff were there to help the vulnerable, and also to make sure that businesses didn't suffer;
- Over previous years functions that the Council's performed have, on average been at around 75% 'green', that is to say they have been performing well. This year it had dropped to 54%. The key for officers was to make sure that this dip to 54% was not systemic, and was a direct result of the impact of Covid-19. A close eye would be kept on those services that have seen a big impact from Covid-19;
- If this report was seen alongside Progress and Delivery reports considered by other committees it was evident that performance had remained at a high level.

Members asked questions of officers present. Further information was provided:

- The delivery of street cleansing had been superb, and waste services were praised during the Budget consultation. However, street cleansing was rated as 'amber' as Covid-19 had impacted this. If there were further illnesses within the team they would come under further strain;
- A succession plan had been put in place for the Data Protection Officer as the previous post-holder had retired;
- Where teams have been working from home in some cases they had been reassigned to other duties and this would impact on their day job. When business as usual was returned to it was hoped that the dip in assurance would be reversed;
- There had been two staff surveys since staff started working permanently from home. The results had been generally positive, whilst acknowledging there were difficulties with the home working situation. Management Team were pleased by the efforts staff were putting in;
- A Covid Recovery Group were looking into how office use would return. It was expected that it would be into the summer or autumn before staff levels in the office were to return to what had been previously seen;
- No causal links between departments had been identified at this stage that resulted in the overall drop in assurance.

The recommendations were moved, seconded, and following a vote it was unanimously **RESOLVED** to:

- (1) Approve the report;
- (2) Be assured that the findings illustrate that the Council's governance framework was operating effectively.

## **60 INTERNAL AUDIT DRAFT ANNUAL PLAN REPORT 2021/2022**

Members considered the Internal Audit Draft Annual Plan Report for 2021/2022 based on assurance mapping and risk assessments across the Council's critical services.

The following points were highlighted by Assurance Lincolnshire:

- Planning processes behind the draft plan were outlined within the report, and assurances were drawn together from a number of different sources;
- All work was carried out in line with Public Sector internal audit standards. It was not possible to look at all areas of work so there was a focus on areas of highest risk. Any postponed work had been pushed into next year's planning;
- Council management had been assisted with Housing Benefit subsidy testing.

Members then asked questions of Assurance Lincolnshire. Further information was



provided:

- In general governance processes at the Council worked well, and this wasn't just down to one individual. If staff move on there are a number of checks and balances, such as statutory officers, internal audit, and external audit;
- There was a follow up audit on culture and ethics this year that received full assurance;
- More detailed work had taken place on the ICT audit risk and assurance. Cyber security was a huge risk.

The ICT plan was flexible, and work takes place with management throughout the year so any changes within ICT can be addressed. Where possible, the ICT plan would be combined with North Kesteven District Council as the two ICT departments were linked;

- In the worst case scenario where all IT failed, there were several spare copies of the Council's disaster recovery plan.

The report was moved, seconded, and following a vote it was unanimously **RESOLVED** to:

- (1) Approve the contents of the report and be assured that the plan provides robust coverage of the Council's critical areas and services;
- (2) Note the content of the report related to the ICT Audit Plan.

## **61 INTERNAL AUDIT QUARTER 4 2020/2021 REPORT**

Members considered an update of progress by Assurance Lincolnshire against the 2020/2021 annual programmes agreed by the Governance and Audit committee in March 2020, and amended in June 2020.

The highlights of the report were:

- The Crematorium and the Customer Relationship Management (CRM) system audits were to be awarded substantial assurance;
- Additional work had taken place on Housing Benefit 40+ testing;
- Substantial assurances on homelessness and strategic risk related to education and skills had been achieved.

The recommendation was moved, seconded, and following a vote it was **RESOLVED** that the contents of the report had been considered.

## **62 WORKPLAN**

The workplan was noted.

Governance and Audit Committee- 9 March 2021  
Subject to Call-in. Call-in will expire at 5pm on

The meeting concluded at 3.52 pm.

Chairman

Governance & Audit Committee Matters Arising Schedule

**Purpose:**  
To consider progress on the matters arising from previous Governance & Audit Committee meetings.

**Recommendation:** That members note progress on the matters arising and request corrective action if necessary.

Matters arising Schedule

Meeting	Governance and Audit Committee
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Status	Title	Action Required	Comments	Due Date	Allocated To
Black	Net borrowing position	The figures at 3.1 of the Treasury Management report were to be amended ahead of being presented at Full Council in March	Information in the table on expected borrowing and the net borrowing position	01/03/21	Tracey Bircumshaw
Green	Community Infrastructure Levy amounts	At G and A committee on 9 March, Caroline agreed to email G and A members with details of CIL amounts paid to other organisations.		13/04/21	Caroline Capon

# Agenda Item 6a



**Governance & Audit  
Committee**

**13<sup>th</sup> April 2021**

**Subject: Report on work undertaken by the Governance & Audit  
Committee 2020/21**

Report by:

Cllr John McNeill: Chairman of Governance &  
Audit Committee

Contact Officer:

James O'Shaughnessy  
Corporate Policy Manager & Deputy Monitoring  
Officer

Purpose / Summary:

To report on the work undertaken by the  
Committee during 2020/21.

**RECOMMENDATION(S):**

1. Members review and confirm the work undertaken by the Governance & Audit Committee during 2020/21.
2. Members **recommend the submission of the report to Full Council.**

## IMPLICATIONS

**Legal: None**

**Financial: FIN/9/22/TJB**

None from this report

**Staffing : None**

**Equality and Diversity including Human Rights : None**

**Data Protection Implications : None**

**Climate Related Risks and Opportunities: None**

**Section 17 Crime and Disorder Considerations: None**

**Health Implications: None**

**Title and Location of any Background Papers used in the preparation of this report :**

**Risk Assessment :**

## **1 Introduction**

- 1.1 Guidance provided by the Chartered Institute of Public Finance & Accountancy (CIPFA), advises that audit committees ought to present an annual report to Council, highlighting their work and demonstrating compliance with their terms of reference.
- 1.2 This report provides Council with an oversight of the Committee's activity during 2020/21 and follows a similar report to the one submitted to Full Council in June 2020.
- 1.3 In spite of the impact of the Covid-19 pandemic on Council operations over the last year, which are still being felt, the Governance & Audit Committee continued to operate effectively; albeit in a virtual manner. The April 2020 meeting of the Council was cancelled as new procedures were implemented to enable virtual committee meetings to be held and revised arrangements for delegated decisions to be determined.

## **2. Terms of Reference of the Governance & Audit Committee**

- 2.1 The terms of reference of the Committee set out its areas of responsibility as being:

**(a) Corporate Governance**

**(b) Accounts and Audit**

**(c) Regulatory Framework (Assurance Framework)**

**(d) Ethics and Standards**

- 2.2 More comprehensive and specific detail is provided in Appendix One.
- 2.3 A range of activity has been undertaken during the past year to fulfil the Committee's terms of reference and to seek assurance that governance arrangements at the Council are operating effectively. An outline of the main activities undertaken by the Committee in support of each of the four main areas of responsibility are set out in turn below.

## **3. Corporate Governance**

- Undertook a full review of the Council's Constitution; including financial and contract procedure rules and a review of the Council's Petition Scheme
- Charged the Remuneration Panel with reviewing the Council's Member Allowance Scheme for 2021/22 and reporting the recommendations to Council
- Approved the Annual Governance Statement and Action Plan for 2019/20
- Monitored progress and signed off as complete, the Annual Governance Statement Action Plan for 2018/19
- Completed bi-annual reviews and scrutiny of the Council's Strategic Risk Register
- Approved the Council's Combined Assurance Report for 2020/21

#### **4. Accounts and Audit**

- Approved the annual audit plan for 2020/21 and monitored delivery; with particular focus on any overdue audit actions. At the time of the most recent monitoring, no overdue actions were reported
- Approved the annual audit plan for 2021/22
- Ensured follow-up audits were conducted where original findings of 'limited assurance' were reported
- Received and approved the Head of Internal Audit's Annual Report for 2019/20, which reported that the Council's governance arrangements relating to governance, risk, internal control and financial control, were performing well
- Received and approved the External Audit's Annual Report for 2019/20
- Approved and signed off the Council's Statement of Accounts for 2019/20
- Received and scrutinised the Council's Draft Treasury Management Strategy; Minimum Revenue Provision and Investment Strategy and Treasury Management Practices
- Approved External Audit's Strategy Memorandum (Plan) for 2021/22

#### **5. Regulatory Framework (Assurance Framework)**

- Reviewed and approved the Council's Annual Fraud report and assessment of the controls in place
- Received the Council's annual 'Voice of the Customer' report and sought assurance that the processes and procedures used to gain insight into customer experience are robust and adequate
- Undertook bi-annual reviews of the Council's strategic risk register
- Received a report regarding the complaint referrals to the Local Government & Social Care Ombudsman for 2019/20 and sought confirmation that learning from the report's findings is fed into how the Council works as an organisation

#### **6. Ethics and Standards**

- Oversaw development of and approved the Member Induction Training Plan and the Member Development Programme and received the Member Development Annual Report. Assurance was sought that induction training for Members joining the Council following a by-election was comprehensive.
- Received the Council's Annual Whistleblowing Report

#### **7. Training**

- 7.1 To be as effective as possible, over the last year, Members of the Committee partook in the Member Induction Programme and have also received specific training on Risk Management, Treasury Management (which was made available for all Members) and the Statement of Accounts.

- 7.2 The on-going requirement of the training needs of the Committee is monitored.
- 7.3 The Committee also undertook an exercise in self-evaluation to identify any aspects that required improvement in order to be a more effective body. This work identified a number of areas for attention and via a Member Working Group and action plan was designed and worked through. The matters have now been fully addressed and the recommendations of the Group have been implemented.

## **8. Miscellaneous Activity**

- 8.1 During the course of the year the Committee has also:
- Responded to a public question; the first received for a number of years. This related to the process required for a community to undertake a Community Governance Review.
  - Amended the Council's Civic Honours Scheme to include 'Adoption by the District'.

## **9. Independent Members**

- 9.1 The Committee contains three Independent Members. These individuals bring experience in the areas of risk management, corporate governance, commercial and financial matters. They make a valuable contribution to the workings of the Committee.
- 9.2 During the last year, the Committee re-appointed two Independent Members to the Committee following a recruitment exercise.

## **10. Attendees at the Committee**

- 10.1 The Committee has a number of regular attendees including the Head of Internal Audit and senior auditors; the Director and Engagement Lead and the Senior Manager of the Council's External Auditors; service managers, the Monitoring Officer, the Section 151 Officer and other senior Council managers.
- 10.2 The Head of Internal Audit also meets with the Chair of the Committee at least annually to discuss the workings of the Committee and more generally, the effectiveness of the Council's governance arrangements.
- 10.3 Contact with such individuals provides the Committee with the opportunity to seek further assurances where required, obtain insight into developments in governance and audit related matters and for Committee members to develop their knowledge in this area.



## **Appendix One: Full Terms of Reference of Governance & Audit Committee**

### **Corporate Governance**

1. Monitoring the operation of the Council's Constitution and keeping its terms under review, including all procedure rules.
2. Considering and making recommendations on any proposal to make changes to the Constitution prior to its consideration by the Council.
3. To inform the work of the Remuneration Panel in advance of them making submissions to Council.
4. To keep under review the terms of reference of member level bodies and delegations of Council functions to committees and formally appointed bodies and officers.
5. Agreeing and updating regularly the Council's Local Code of Governance.
6. Monitoring its operation and compliance with it, and using it as a benchmark against performance for the Annual Governance Statement.
7. Following a decision of Council to undertake a community governance review to agree the terms of reference for and conduct such a review, making recommendations to Council who will determine the outcome of such reviews.
8. Exercising functions relating to elections and parishes set out in Part D of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (or any replacement or amendment of it).
9. Reviewing the adequacy of the Council's corporate governance arrangements (including matters such as internal control and risk management) and approving the Annual Governance Statement.
10. To approve the financial and contract procedure rules between Annual Councils.

### **Accounts and Audit**

1. Considering the Council's arrangement relating to accounts including;
  - (i) the approval of the statement of accounts and any material amendments of the accounts recommended by the auditors;
  - (ii) to keep under review the Council's financial and management accounts and financial information as it sees fit.
2. Considering the Council's arrangements relating to the external audit requirements including the receipt of the external audit reports so as to;
  - (i) inform the operation of the Council's current or future audit arrangements;
  - (ii) provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

3. Considering the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
4. Considering the Council's arrangements relating to internal audit requirements including:
  - (i) considering the Annual Internal Audit report, reviewing and making recommendations on issues contained therein;
  - (ii) monitoring the management and performance of internal audit;
  - (iii) agreeing and reviewing the nature and scope of the Annual Audit Plan.
5. Considering summaries of specific internal audit reports of significance or as requested.
6. Considering reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
7. Considering specific reports as agreed with the external auditor.
8. Recommending to the Council the appointment of the Council's external auditor.
9. Scrutinising the draft Treasury Management Strategy.

#### Regulatory Framework (Assurance Framework)

1. Reviewing any issues referred to it by the Head of Paid Service, an Executive Director, the Chief Finance Officer or any Council body.
2. Monitoring the effective development and operation of risk management and corporate governance in the Council.
3. Monitoring Council policies on confidential reporting code, anti-fraud and anti-corruption policy and Council's complaint process.
4. Approving payments or providing other benefits in cases of maladministration as required and making recommendations arising from any review of a report of the Local Government Ombudsman.

#### Ethics and Standards

1. Promote and maintain high standards of conduct by Councillors and co-opted members.

#### **Note:**

Any Member wishing to serve or substitute on this Committee must have undertaken such training as deemed appropriate by the Monitoring Officer, and as a minimum, within the previous two years of the date of the meeting, and in particular members must receive training prior to approval of the Annual Statement of Accounts.

Nominations be sought to form a pool of trained substitutes in order to ensure that decisions are made by fully trained members.

The Leader of the Council, Leader of the Opposition, the Chairman of the Overview and Scrutiny Committee and the Chairman of the Standards Sub-Committee may be required to attend this committee but may not be appointed to it.

The committee will include at least one Independent Member and the normal term of office shall be four years.

# Agenda Item 6b



**Governance & Audit  
Committee**

**Tuesday 13 April 2021**

**Subject: CIPFA FINANCIAL MANAGEMENT CODE**

Report by:	Assistant Director of Finance, Business Support and Property Services (S151)
Contact Officer:	Tracey Bircumshaw Assistant Director of Finance, Business Support and Property Services (S151)  tracey.bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	To inform Members of the Financial Management Code (FM Code) which is applicable from 2021/22

## **RECOMMENDATION(S):**

1. The Committee be assured that West Lindsey District Council meets the standards of the Financial Management Code as evidenced from the self-assessment and accept the actions required to be undertaken in 2021/22 which will enhance this compliance.

## IMPLICATIONS

### **Legal:**

The FM Code itself does not currently have legislative backing, although CIPFA have set out their intention to pursue this. CIPFA's judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting existing important legislative requirements.

### **Financial : FIN/8/22/TJB**

There are no direct financial implications arising from this report.

### **Staffing : None from this report**

### **Equality and Diversity including Human Rights :**

No equalities impact implications have been identified as arising from this report.

### **Data Protection Implications : None from this report**

### **Climate Related Risks and Opportunities:**

No environmental implications have been identified as arising directly from this report.

### **Section 17 Crime and Disorder Considerations: None from this report**

### **Health Implications: None from this report**

### **Title and Location of any Background Papers used in the preparation of this report :**

CIPFA FM CODE

CIPFA FM GUIDANCE NOTES located in the Finance Department

<b>Risk Assessment :</b>
<p>There are inherent risks regarding non-compliance with the FM Code which include risks to financial sustainability, financial resilience, financial and service planning and delivery as well as to the Council's reputation.</p>

## **Executive Summary**

- 1.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) has introduced a new code, The Financial Management Code 2019 (FM Code), which sets out for the first time, the standards of financial management for local authorities.
- 1.2. Adoption of the FM Code will commence from 1 April 2021, with 2020/21 effectively being a shadow year. As such the FM Code and has been incorporated as part of the governance framework within the Medium Term Financial Plan 2021/22 – 2025/26, as recommended by Corporate Policy and Resources Committee and approved by the full Council in March 2021.
- 1.3 This report provides assurance to the Governance and Audit Committee that the FM Standards are being met and this can be demonstrated through a self-assessment exercise.
- 1.4 An initial self-assessment of the Authority's current standing against each of the Financial Management Standards was carried out in March 2020 and has recently been reviewed by the Council's Section 151 Officer using a RAG Rating approach (please refer to section 7 within the main body of this report and Appendix 1 for full details). In summary, the findings of the current self-assessment against the 17 Financial Management Standards is as follows:

<b>RAG Rating</b>	<b>Progress Report</b>	<b>Number of Financial Management Standards</b>
GREEN	Compliance is being demonstrated	15
AMBER	Minor to Moderate improvements are required to demonstrate compliance	2
RED	Moderate to Significant improvements are required to demonstrate compliance	0
<b>TOTAL</b>		<b>17</b>

- 1.5 The results of the self-assessment indicate an overall rating of Green and reflects that compliance is being demonstrated.
- 1.6 CIPFA published an accompanying set of guidance notes to the FM Code in May 2020. These are intended to provide practical guidance to practitioners regarding the implementation of the Code. The guidance notes state that, it is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them. Therefore, regular

self-assessment exercises will be required in order to demonstrate compliance going forward and it is intended that this will be undertaken on an annual basis.

## **2. BACKGROUND**

- 2.1. The Chartered Institute of Public Finance & Accountancy (CIPFA) has introduced a new Financial Management Code (FM Code). This sets out for the first time, the standards of financial management for local authorities.
- 2.2. The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability
- 2.3. Local government finance in the UK is governed by legislation, regulation and professional standards. The general financial management of a local authority, however, has not until now been supported by a professional code. The FM Code has been introduced because the exceptional financial pressures faced by local authorities in recent years have revealed concerns about fundamental weaknesses in financial management and the ability of some organisations to maintain services in the future.

Whilst there is much good practice across the sector, any failures threaten stakeholders' confidence in local government as a whole and more importantly, risk to the services on which local people rely.

- 2.4. CIPFA's intention is that the Financial Management Code (FM Code) will have the same standing as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017), which promotes the financial sustainability of local authority capital expenditure and associated borrowing. So, although the FM Code does not have legislative backing, it applies to all local authorities.
- 2.5. While the FM Code applies to all local authorities, it recognises that some have different structures and legislative frameworks. Where compliance with the Code is not possible, adherence to the principles is still considered appropriate.

## **3. RESPONSIBILITY**

- 3.1. CIPFA considers the application of the FM Code to be a professional responsibility of all its members, regardless of their role in the financial management process. More specifically, the FM Code clarifies CIPFA's understanding of how the Chief Financial Officer (CFO) should satisfy their statutory responsibility for good financial administration. The primary purpose of the FM Code is to establish how the CFO – regardless of whether or not they are a CIPFA member, should demonstrate that they are meeting their statutory responsibility for sound financial administration.
- 3.2. CIPFA considers application of the FM Code to be the collective responsibility of each authority's organisational leadership team. For the purposes of the code the 'Leadership Team' is defined as the collective group of elected members and senior officers. Therefore, it will include the full Council and policy and governance committees as well as senior officers.



## 4. APPLICATION

- 4.1. CIPFA has recognised the ambition within the Code, as well as the timescale and wider resource challenges facing local authorities. As a result, CIPFA considers 2020/2021 to be the commencement of a shadow year, and that by 31 March 2021 local authorities should be able to demonstrate that they are working towards full implementation of the Code
- 4.2. The first full year of compliance with the FM Code will therefore be 2021/22.
- 4.3. The FM Code has been incorporated as part of the governance arrangements within the Medium Term Financial Plan, providing the framework designed to support good and sustainable financial management throughout the full financial planning cycle, budget planning, setting, monitoring and reporting and its statutory financial reporting.

## 5. COMPLIANCE

- 5.1. It is for each authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.
- 5.2. It is important to note, also, that the financial management standards are minimum standards.

## 6. CIPFA PRINCIPLES OF GOOD FINANCIAL MANAGEMENT

- 6.1. The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, it requires that an authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances and that they are proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.
- 6.2. The underlying principles that inform the FM Code have been developed in consultation with senior practitioners across the sector and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
- 6.3. The 6 Principles of Good Financial Management set out in the FM Code are:
  - **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
  - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.

- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

## 7. CIPFA FINANCIAL MANAGEMENT STANDARDS AND FM CODE SELF ASSESSMENT

- 7.1. The FM Code sets out the 17 CIPFA Financial Management Standards against which a self-assessment has been undertaken.
- 7.2 The self-assessment exercise reflects current processes and practices against the FM Standards using a RAG Rating approach.
- 7.3 The Standards and RAG Rating approach is summarised below with full details attached at Appendix 1.

<b>RAG Rating</b>	<b>Progress Report</b>
GREEN	Compliance is being demonstrated
AMBER	Minor to Moderate improvements are required to demonstrate full compliance
RED	Moderate to Significant improvements are required to demonstrate full compliance

<b>Standard Reference</b>	<b>Financial Management Standard</b>	<b>RAG Rating</b>
<b>Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team</b>		
<b>A</b>	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	GREEN
<b>B</b>	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	GREEN
<b>Section 2: Governance and Financial Management Style</b>		
<b>C</b>	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	GREEN

<b>D</b>	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	GREEN
<b>E</b>	The financial management style of the authority supports financial sustainability.	GREEN
<b>Section 3: Long to Medium-Term Financial Management</b>		
<b>F</b>	The authority has carried out a credible and transparent financial resilience assessment.	GREEN
<b>G</b>	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	GREEN
<b>H</b>	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	GREEN
<b>I</b>	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	GREEN
<b>Section 4: The Annual Budget</b>		
<b>J</b>	The authority complies with its statutory obligations in respect of the budget setting process.	GREEN
<b>K</b>	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	GREEN

<b>Section 5: Stakeholder Engagement and Business Plans</b>		
<b>L</b>	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	AMBER
<b>M</b>	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	AMBER
<b>Section 6: Monitoring Financial Performance</b>		
<b>N</b>	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	GREEN
<b>O</b>	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	GREEN
<b>Section 7: External Financial Reporting</b>		
<b>P</b>	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	GREEN
<b>Q</b>	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	GREEN

## **8. ACTIONS**

The following actions have been identified to enhance our compliance and will be carried out during 2021/22;

- Value for Money Strategy and Handbook to be reviewed and redistributed
- A number of training courses under the banner of Value for Money to be delivered through the Corporate Training Programme
- Member workshop to be held to consider 2022/23 budget consultation focus and will incorporate improvements to its stakeholder engagement plan
- Review of options/project appraisal methodology and documentation to be appropriate in the context of the project.
- Review of reports and the introduction of analytics will be an enhancement to reports provided to Management. This will be achieved through the implementation of new technology.

## CIPFA FM Code Assessment

Ref	Description	Pages of Code	Detail	CFO assessment and actions required	RAG RATING
Responsibilities of the Chief Finance Officer and Leadership Team					
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	17/18	<p>The authority has a clear and consistent understanding of what value for money means to it and its leadership team.</p> <p>There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services.</p> <p>The authority is able to demonstrate the action that is has taken to promote value for money and what it has achieved.</p>	<p>The West Lindsey District Council has received unqualified audit opinions on Value For Money for at least 7 years to 2019/20</p> <p>The Value for Money (VFM) Strategy is due to be refreshed in 2021.</p> <ul style="list-style-type: none"> <li>• VFM is a key part of any business case submitted built around a 5 case model and based on whole life costing, ensuring VFM is a prime consideration</li> <li>• Our Capital Investment Strategy and scheme evaluation promotes value for money investments.</li> <li>• The Strategic Asset Management Plan provides for a Capital and Asset Review ensuring VFM from our assets</li> <li>• Performance is regularly reported to Management Team and the Corporate Policy and Resources Committee</li> <li>• The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision</li> <li>• There is a robust corporate project management framework which contains key templates for financial implications, risk, change and stakeholder management</li> <li>• Project and Programme Risks are monitored at officer led Programme Boards and are escalated to the Portfolio Board as appropriate</li> <li>• Substantial Assurance for Project and Programme Management from our internal auditors.</li> </ul>	

				<ul style="list-style-type: none"> <li>• The Medium Term Financial Strategy (MTFS) delivers a robust financial plan through a rigorous budget setting process which has received a high assurance rating from internal auditors.</li> <li>• Our Contract Procedure Rules and contract specifications lead to effective procurement and we have achieved and have realised savings through contract procurements.</li> <li>• Council Reserves have remained at a consistent level and provide resources for investment and mitigation of financial risks.</li> </ul> <p>The Together24 Project, implementation of a new Customer Relationship Management System and a new Enterprise Resource Planning (ERP) Finance and Performance system will enable services to be redesigned with the focus on the customer whilst realising efficiencies in processes.</p> <p><b>ACTION:</b></p> <ul style="list-style-type: none"> <li>• Value for Money Strategy and Handbook to be reviewed 2021</li> <li>• A number of training courses under the banner of Value for Money to be delivered thorough the Corporate Training Programme.</li> </ul>	
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	18/19	<p>In summary this Statement requires that the Chief Finance Officer (CFO):</p> <ul style="list-style-type: none"> <li>• Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.</li> </ul>	<p>The Chief Finance Officer is a fully qualified CIPFA member and reports to the Chief Executive.</p> <p>The responsibilities of the role of Chief Finance Officer (S151) is detailed within the Constitution.</p> <p>The CFO is on the Management Team and has influence on all material businesses decisions, ensuring financial implications are provided on all reports (including Committee Reports)</p>	

			<ul style="list-style-type: none"> <li>• Must be actively involved in, and able to bring influence to bear on, all material business decisions</li> <li>• Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</li> <li>• Must lead and direct a finance function that is resourced to be fit for purpose.</li> <li>• Must be professionally qualified and suitably experienced.</li> </ul>	<p>Has oversight of all financial risks in the development of Medium and Longer Term Financial Planning.</p> <p>Ensures that all statutory requirements affecting the Council's finances are complied with.</p> <p>Through the Finance Team, provides financial and treasury performance monitoring reports throughout the year to the Corporate Policy and Resources Committee.</p> <p>The CFO leads the corporate fraud function.</p> <p>The annual Statement of Accounts receives unqualified external audit opinions.</p> <p>The Finance Team has an establishment of 11.57 full-time equivalent (FTE) of which 4 are professionally qualified accountants (CIPFA/CIMA), 2 are currently undertaking their professional qualification (CIPFA/CIMA) and 2 hold the Association of Accounting Technician (AAT) and 1 is studying for this qualification. 2 officers also hold the CIPFA Finance Business Partner accreditation. The team are supported through technical training and provided with opportunities to enhance their skills and knowledge ensuring there is some level of resilience within the team.</p> <p>All aspects of the finance function receive substantial or high assurance ratings.</p> <p>The CFO has 37 years local government finance experience.</p>	
<b>Governance and Financial Management Style</b>					
C	The leadership Team demonstrates in its	21	The leadership team espouses the Nolan principles.	The Internal Audit Annual Combined Assurance Report as required by the Accounts and Audit regulations and the	

actions and behaviours responsibility for governance and internal control.

The authority has a clear framework for governance and internal control.

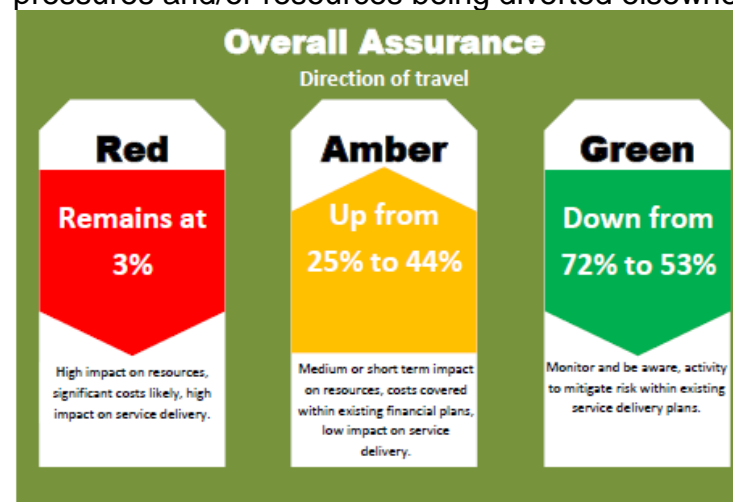
The leadership team has established effective arrangements for assurance, internal audit and internal accountability.

The leadership team espouses high standards of governance and internal control.

The leadership team nurtures a culture of effective governance and robust internal control across the authority.

Public Sector Internal Audit Standards, gives the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement. It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.

The report 2019/20 presented a positive picture of the levels of assurance in place throughout the organisation and illustrated our assurance framework was working well, but reflected increased risk due to the Covid-19 pandemic with services adversely affected as result of additional pressures and/or resources being diverted elsewhere.





				Internal audits relating to our governance arrangements have resulted in either substantial/high assurance over the past 3 years.	
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	22	<p>The authority are aware of the provisions of the CIPFA Delivering Good Governance Framework.</p> <p>The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements.</p> <p>The authority has in place a suitable code of governance.</p>	<p>The Governance and Audit Committee are responsible for monitoring the operation of the Constitution, agreeing and updating the Local Governance Code, reviewing the adequacy of governance arrangements (including such matters as internal control and risk management, and approving the Annual Governance Statement.</p> <p>The Committee receive a draft Annual Governance Statement (AGS) for scrutiny and consideration prior to approving the final AGS and action plan, which is subsequently monitored and reported on.</p> <p>The Governance and Audit Committee have undertaken a self-assessment in relation to their effectiveness and work undertaken during the year. This is reported to full Council.</p> <p>The Local Governance Code is contained within the West Lindsey District Council (WLDC) Constitution.</p> <p>Governance frameworks can be identified throughout our policies and procedures.</p> <p>The Good Governance audit (2019/20) received 'High Assurance'</p>	
E	The financial management style of the authority supports financial sustainability	22/23	<p>Strong financial management is assessed against a hierarchy of</p> <ol style="list-style-type: none"> <li>1. delivering accountability,</li> <li>2. supporting performance</li> <li>3. enabling transformation.</li> </ol>	<p>WLDC has a Constitution which details Committee functions, member and officer delegations.</p> <p>The Constitution also includes the Financial and Contract Procedure Rules which set out responsibilities of Senior Officers, Budget Managers and employees.</p>	

Page 34			<p>Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.</p>	<p>There is an effective performance management framework in place including, performance measures, volumetric measures, customer satisfaction, monitoring of key strategic projects, quarterly performance reporting to both Policy Committees.</p> <p>The Finance team provide a Finance Business Partnering Role in support of services providing financial oversight</p> <p>A finance representative is present on project teams.</p> <p>The Team are currently engaged in the T24 programme and the transformation of its own service area with the implementation of a new ICT system, which will enable integrated reporting and analytics in addition to realising efficiencies in both finance processes, user processes and performance management. As an Enterprise Resource Planning (ERP) it is expected that other systems such as Income Management, Human Resources, Payroll and Property Management will be integrated in the future, providing further benefits.</p>	
<b>Long to Medium Term Financial Management</b>					
F	The authority has carried out a credible and transparent financial resilience assessment	26	<p>The authority has undertaken a financial resilience assessment.</p> <p>That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment</p>	<p>The CIPFA Financial Resilience Index provides some context to our comparable financial position.</p> <p>WLDC set its own resilience indicators against the Medium Term Financial Plan and the actual year end position both of which are reported to the Corporate Policy and Resources Committee</p> <p>A full risk assessment is undertaken for our Medium Term Financial Plan and a Strategic Risk is recorded relating to financial resilience due to future uncertainties. All risks have identified mitigations and are monitored regularly.</p>	

G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	26	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability.</p> <p>The authority has a strategic plan and long-term financial strategy that addresses adequately those risks.</p> <p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making.</p>	<p>Financial sustainability remains a Strategic Risk</p> <p>The approved Corporate Plan details the themes and objectives. The Executive Business Plan is management's deliverable actions in supporting Corporate Plan objectives. Programmes and projects of work, in addition to business as usual activity is reflected in the 5 year Medium Term Financial Plan and Medium Term Financial Analysis (forecast budgets) annually, this is extended to 10 years within our modelling and is reported to the Corporate Policy and Resources Committee and full Council. Chairs and Vice Chairs of policy committees are engaged in developing the financial plan.</p> <p>There is an ongoing level of uncertainty both from the impact of Covid-19 on the organisation in relation to additional costs, and reduced service income, in addition to its investments. In addition the review of Local Government Finance has now been delayed for 2 years. Reserves have been created to mitigate some of the impacts over the medium term and as reported within the Medium Term Financial Plan.</p> <p>A 5 year Capital Investment Programme is included within the Medium Term Financial Plan (MTFP) and which is reviewed annually. Long term, replacement programmes are held for existing assets and financing of these assets is taken into account within the MTFP. New schemes are brought into the Programme pre-business case having been identified in Service Improvement Plans.</p>	
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	26/27	<p>The authority is aware of its obligations under the Prudential Code.</p> <p>The authority has prepared a suitable capital strategy.</p>	<p>WLDC complies with the requirements of the Prudential code.</p> <p>The Full Council has approved Capital Investment Strategy which includes the requirement to assess schemes ensuring the best outcomes are achieved from our investments.</p>	

			<p>The authority has a set of prudential indicators in line with the Prudential Code.</p> <p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>Performance of Treasury Management is monitored by the Corporate Policy and Resources Committee on a quarterly basis and a Mid-Year and Annual Treasury Report is recommended by the Committee to the full Council.</p> <p>The Treasury Management function has received a 'High Assurance' Rating from Internal Auditors</p>	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	27	<p>The authority has in place an agreed medium term financial plan.</p> <p>The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy.</p> <p>The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.</p> <p>The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.</p>	<p>The Medium Term Financial Plan (5 year) is refreshed at the mid-year and reported to the Corporate Policy and Resources Committee.</p> <p>A full annual review is undertaken as part of the budget setting process.</p> <p>The Budget setting process including the MTFP has received a High Assurance Rating from Internal Auditors</p> <p>The Budget provides for a £200k Commercial Contingency Budget to manage any in year variances to demand leading in a reduction of income.</p> <p>An approved minimum General Fund Working Balance is set at £2.5m to mitigate any in year financial risks</p>	
<b>The Annual Budget</b>					
J	The authority complies with its statutory obligations in respect of the budget setting process	29	<p>The authority is aware of its statutory obligations in respect of the budget-setting process.</p> <p>The authority has set a balanced budget for the current year.</p>	<p>As legislation requires the Full Council sets a balanced budget on an annual basis. It has not had to utilise the General Fund Balance to balance the budget 2021/22 (nor for a number of years).</p> <p>WLDC will be able to set a balanced budget for the forthcoming year as it has Earmarked £1m to mitigate any funding gap caused by reductions in government funding as a consequence</p>	

			<p>The authority is likely to be able to set a balanced budget for the forthcoming year.</p> <p>The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.</p>	<p>of the expected Fairer Funding Review, Business Rates Retention Review, Business Rates Reset and Settlement Funding implications.</p> <p>WLDC is aware of the circumstances and the process in issuing a Section 114 notice, but does not envisage this to be an issue over the medium term.</p>	
<p>K</p> <p>Page 37</p>	<p>The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.</p>	<p>29/30</p>	<p>The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case.</p> <p>The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future.</p> <p>The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is taking to address any shortfall.</p>	<p>The Medium Term Financial Plan contains and reports on the most significant estimates, and expected levels of reserves over the medium term.</p> <p>The CFO's overarching statement on the robustness of estimates and adequacy of reserves is highlighted to both the Corporate Policy and Resources Committee and Full Council.</p> <p>A number of reserves are held to mitigate future financial risks i.e., Finance Reserve, Business Rates Volatility Reserve and the Valuation Volatility Reserve.</p> <p>The MTFP includes projections of usable reserves as at the year-end over a 5 year period, taking into account investment plans.</p>	
Stakeholder Engagement and Business Plans					

<p>L</p> <p>Page 38</p>	<p>The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p>	<p>31</p>	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium term financial plan and its annual budget.</p> <p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improve its engagement with key stakeholders.</p>	<p>Key stakeholders are identified at a corporate, service and project level and communication and engagement plans devised as appropriate.</p> <p>An annual budget consultation process open to all on our website. Consultation events are usually held at the 3 main Towns within the District, however these were cancelled due to Covid-19 restrictions in 2020.</p> <p>A report is presented to the Corporate Policy and Resources Committee detailing the results and feedback from the consultation and which are taken into consideration when setting the budget</p> <p><b>ACTION;</b></p> <p>Member workshop to be held to consider 2022/23 budget consultation and focus and will incorporate improvements to its stakeholder engagement plan</p>	
<p>M</p>	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>31/32</p>	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate</p>	<p>The organisation has standard project documentation based on a 5 case model.</p> <p>The project methodology is captured in A Code of Practice which is available on the WLDC intranet.</p> <p>Investment appraisals are undertaken for development and construction schemes and for acquisitions of Commercial Property.</p> <p>Options appraisals are undertaken within relevant business cases which also include identified risks.</p>	

			<p>techniques for the qualitative and quantitative assessment of options.</p> <p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>	<p>The Change Management Team supports officers who are developing projects and work with them throughout and providing support and advice.</p> <p>Projects are monitored through officer led Programme Boards.</p> <p><b>ACTION:</b> Review of options/project appraisal methodology and documentation.</p>	
<b>Monitoring Financial Performance</b>					
Page 39	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial</p>	33	<p>The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability.</p> <p>The reports cover both forward- and backward looking information in respect of financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the authority's significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p>	<p>The quarterly reports to the Management Team provide detail of variances and estimates of forecasts. Management Team have been engaged in the development of these reports and meet their requirements</p> <p>An annual mid-year review of the MTFP provides an updated view of the MTFP and emerging risks and updates the funding gap for known variances, giving the Management Team and Members the opportunity to consider future financial planning prior to the development of the following year budget and MTFP.</p> <p><b>ACTION:</b> Review of reports and the introduction of analytics will be an enhancement to reports provided to Management. This will be achieved through the implementation of new technology.</p>	

			The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action		
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	33	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.</p> <p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is taking action to mitigate the risk identified.</p> <p>The authority reports unplanned use of its reserves to the leadership team in a timely manner.</p> <p>The monitoring of balance sheet risks is integrated into the authority's management accounts reporting processes.</p>	<p>The investment in commercial properties and the performance of the portfolio is the subject of an annual report with a review of the performance of both the assets and leases in addition to re-evaluation of leaseholders and their sector risks. Regular monitoring is provided to the Corporate Policy and Resources Committee. A valuation volatility reserve is held as a minimum of 5% of the purchase price of the portfolio.</p> <p>The Pension Fund is reviewed on a tri-annual basis and the contribution rates considered. The Closedown Matters report to the Governance and Audit Committee provides details of assumptions to be incorporated in estimating the Pension Fund deficit as at 31 March annually.</p> <p>The organisation has mitigated financial risk through the earmarking of reserves and also incorporates a Commercial Contingency budget within the annual budget for any in year commercial risk.</p> <p>The use of Earmarked Reserves can only be utilised upon the approval of the Corporate Policy and Resources Committee, or under delegation to the Head of Paid Service.</p>	
External Financial Reporting					



<p>P</p> <p>Page 41</p>	<p>The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom</p>	<p>35</p>	<p>The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>The authority's CFO is aware of their responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms.</p> <p>The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	<p>The Management Team receive quarterly budget and performance monitoring.</p> <p>The CFO is fully aware of the requirements of the financial statements, which are fully compliant and have been unqualified for a number of years, without the need for anything other than presentational issues amendments.</p> <p>The CFO undertakes an annual development appraisal with the Chief Executive and performance objectives are monitored at monthly one-to-one meetings</p> <p>The Statements of Accounts have met the statutory deadlines, and in advance of the earlier closedown deadline in 2018/19.</p>	
<p>Q</p>	<p>The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p>		<p>The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget.</p> <p>The information in these reports is presented effectively.</p> <p>These reports are focused on information that is of interest and relevance to the leadership team.</p>	<p>The Management Team and Corporate Policy and Resources Committee are provided with an out-turn report detailing significant variations to budget.</p> <p>The reports includes the request for carry forwards, which the Management Team are required to approve, taking into account any newly identified budget risks for the future year and where projects and resourcing requirements span financial years.</p> <p>The Management Team on the advice of the CFO consider the treatment of any surpluses before discussion with Members and</p>	

			<p>The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>formal approval by the Corporate Policy and Resources Committee.</p> <p>On an annual basis the Management Team hold a meeting specifically focussed on the development of the MTFP enabling the strategic overview ensuring that the Executive Business Plan deliverables of the Corporate Plan objectives are adequately resourced and are set within the overall financial position.</p>	
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**Governance & Audit  
Committee**

**Tuesday 13<sup>th</sup> April 2021**

**Subject: Annual Governance Statement 2019/20 Action Plan Progress  
Report**

Report by:	Director of Corporate Services and Monitoring Officer
Contact Officer:	Corporate Policy Manager & Deputy Monitoring Officer
Purpose / Summary:	To review the progress with the Annual Governance Statement 2019/20 Action Plan.

**RECOMMENDATION(S):**

- 1. That Members seek assurance that the current position of the Annual Governance Statement Action Plan for 2019/20, reflects good progress against all actions.**

## IMPLICATIONS

**Legal:** The Annual Governance Statement details compliance with the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations (amendment) (England) Regulations 2011.

**Financial:** FIN/159/21/TJB

None from this report.

**Staffing:** None

**Equality and Diversity including Human Rights:** None

**Data Protection Implications:** None

**Climate Related Risks and Opportunities:** None

**Section 17 Crime and Disorder Considerations:** None

**Health Implications:** None

**Title and Location of any Background Papers used in the preparation of this report :**

Wherever possible please provide a hyperlink to the background paper/s  
If a document is confidential and not for public viewing it should not be listed.

**Risk Assessment:** None

## **1. Introduction**

- 1.1 The Annual Governance Statement is the formal statement of the quality of the Council's governance arrangements, in accordance with the Accounts and Audit (England) Regulations 2011.
- 1.2 In September 2020, the Governance and Audit Committee agreed the Annual Governance Statement for 2019/20 and noted that an action plan would be put in place and monitored by the Committee to address a number of issues.

## **2. Significant Issues 2019/20**

- 2.1 The matters included on the action plan are:
- Senior Management Restructure - Implement the restructure in line with approved decision
  - Sustainability, Climate Change & Environment Strategy - Produce the Strategy for adoption by Council in May 2021
  - Effectiveness of Governance & Audit Committee survey - Address issues arising out of the survey undertaken by the Committee
  - Post-pandemic recovery response & plans - To ensure the Council is fully aware of the impact the pandemic has had on its operations and has mitigated the issues and embraced the benefits
  - Effectiveness and understanding of corporate procurement procedures - Undertake a review of the procedures and implement required remedial actions
  - Peer Review action plan - Maintain oversight and assurance on progress of the action plan
- 2.2 These issues had been identified as a result of the Council's annual Combined Assurance Report, or the key strategic importance of the issue to the Council.

## **3. The Action Plan Update**

- 3.1 The Action Plan is attached at Appendix 1. Progress has been made across all of the issues contained within it. The Senior Management restructure has been completed; the climate strategy work is nearing completion in readiness for presentation at Annual Council; this committee's working group overseeing the effectiveness action plan have almost concluded their work and actions to review procurement processes and understanding across the Council are continuing.
- 3.2 It is likely that matters relating to post pandemic recovery and plans will remain on the action plan for the 2020/21 AGS. This will take on a new

guise relating to 'Living with Covid19 Roadmap' which is being discussed across the county by the Strategic Command Group.

- 3.3 Additionally, a number of actions within the Peer Review action plan have longer timeframes than the lifespan of this action plan. Therefore one or more may become individual matters for inclusion on the 2020/21 AGS action plan. Appendix 2 provides Members with oversight of the position across all matters suggested for consideration by the Peer Review.
- 3.4 Members will receive a further update report on the AGS 2019/20 action plan later in 2021.

## Annual Governance Statement 2019/2020 Action Plan

Issue	Description	Action	Current Position	Date Due	Officer	BRAG
Senior Management Restructure	Implement the restructure in line with approved decision	1. Complete the structure chart, Job Descriptions and Person Specifications 2. Carry out staff consultation 3. Recruit to vacancies 4. Team Development	1. Recruitment completed	31/12/2020	I. Knowles	Closed
Sustainability, Climate Change & Environment Strategy	Produce the Strategy for adoption by Council in May 2021	1. Undertake initial public consultation 2. Renew existing Carbon Mgt Plan (CMP) 3. Produce draft Strategy for second phase of consultation 4. Incorporate feedback and carbon reduction initiatives into draft Strategy 5. Present Strategy and action plan for adoption to Full Council May 2021	1. Initial consultation completed and findings analysed. 2. Draft Strategy completed and consultation held. 3. Revised CMP completed. 4. Final version of Strategy and Action Plan in development.	31/05/2021	I. Knowles	
Effectiveness of Governance & Audit Committee survey	Address issues arising out of the survey undertaken by the Committee	1. Review findings of survey 2. Form Member Working Group to formulate action plan to address issues 3. Provide G&A Cttee with progress updates 4. Complete action plan and obtain G&A Cttee sign off	1. Findings analysed and Member Working Group formed. 2. Improvement plan drawn up. 3. Actions implemented e.g. bite size financial training. 4. Report back to Cttee 13 <sup>th</sup> April 2021.	31/07/2021	A. Robinson	
Post-pandemic recovery response & plans	To ensure the Council is fully aware of the	1. Put in place Local Outbreak Management Plan	1. Local plans developed and LRF outbreak	31/07/2021	I. Knowles	

	<p>impact the pandemic has had on its operations and has mitigated the issues and embraced the benefits</p>	<p>2. Covid secure all Council buildings  3. Provide key advice to local businesses  4. Review financial position  5. Develop economic recovery plan  6. Consider lessons learned and ensure that positive changes are maintained</p>	<p>management plan supported. Staff testing arrangements developed  2. Buildings are Covid secure  3. Business support grants administered - £24 million of grants. Working through the LEP and the growth team to give advice. Also Covid wardens in place to offer advice and ensure compliance  4. Full assessments made and reflected in MTFP and budget and monthly government returns made  5. LEP has co-ordinated the production of Greater Lincolnshire's economic recovery plan which is likely to form the backcloth for government investment in recovery. LA's continue to support delivery  6. On-going reflection and adaptation where required</p>			
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Effectiveness and understanding of corporate procurement procedures	Undertake a review of the procedures and implement required remedial actions	<ol style="list-style-type: none"> <li>1. Conduct survey with users of the procurement service</li> <li>2. Analyse results and report to Mgt Team</li> <li>3. Draw up action plan to address identified issues</li> <li>4. Monitor progress of plan</li> <li>5. Conduct follow-up survey</li> </ol>	<ol style="list-style-type: none"> <li>1. Survey completed and findings analysed.</li> <li>2. Report provided to Mgt Team and Procurement Officers and way forward determined.</li> <li>3. Four point plan devised.</li> </ol>	30/04/2021	A. Robinson	
Peer Review action plan	Maintain oversight and assurance on progress of the action plan	<ol style="list-style-type: none"> <li>1. Develop action plan</li> <li>2. Publish findings and action plan</li> <li>3. Deliver against actions</li> <li>4. Consider follow up review with LGA</li> </ol>	<ol style="list-style-type: none"> <li>1. Action Plan produced and issues incorporated into existing work streams</li> <li>2. Report to Full Council</li> <li>3. Actions being followed through e.g. T24 programme; Cultural Strategy</li> <li>4. Follow-up arrangements to be determined</li> </ol>	30/04/2021	I. Knowles	

## **Appendix 2: Peer Review Actions**

Peer Review Suggestion	Current Position	Status
Implement the new structure	Structure completed – posts filled.	Enacted
Strip Customer First to its core and ‘rebrand’ it	Programme rebranded under T24 moniker. Core elements re-viewed and refocused.	Enacted
Use the ‘purposeful pause’ regarding commercialisation to understand and identify where future income and savings should come from	MTFP completed 2021-2026. Additional commercial opportunities under consideration. No further commercial assets purchased but content of portfolio under review.	Enacted
Improve communications with all stakeholders	Stakeholder mapping completed and comms plan produced.	Enacted
Clarify what ‘social regeneration’ means to the Council, what it will deliver and how to resource it	Social regeneration is a holistic approach balancing the physical, economic and social environments to enhance health and wellbeing. Completion by March 2022.	Initiated – work in progress
Ensure the next version of the Local Plan identifies the key risks, eg viability, realistic/deliverable targets, housing and locations	Review of CLLP continuing; WLDC taking a lead role in protecting its interests including matters to address climate change.	Initiated - work in progress
Review the Overview and Scrutiny function	Administration will retain the function. Annual work plan will be developed with a focus on performance management of service areas.	Enacted
Ensure a structured approach to workforce and succession planning	Workforce planning embedded in service reviews as part of T24 programme. Age-profiles and capacity/capability matters incorporated.	Initiated - work in progress
Ensure performance management processes are consistent at service level	Performance management module to be incorporated in new ERP system. On-going support for team managers to improve performance management processes.	Enacted
Consider a cultural strategy	Cultural strategy in development. Collation/appraisal of all cultural related underway. Estimated timeline for completion April 2022.	Initiated - work in progress



**Governance and Audit  
Committee**

**Tuesday 13 April 2021**

**Subject: Report on Progress Against the Committee's Effectiveness  
Action Plan**

Report by:	Cllr Jackie Brockway Chairman of Committee Effectiveness Working Group
Contact Officer:	James O'Shaughnessy Corporate Policy Manager & Deputy Monitoring Officer
Purpose / Summary:	To present to Committee the work of the Committee Effectiveness Working Group

**RECOMMENDATION(S):**

1. The Committee is asked to seek assurance that the actions will address the issues identified in the survey and improve the overall effectiveness of the Committee
2. The Committee is asked to formally disband the Working Group.

## IMPLICATIONS

**Legal: None**

**Financial : FIN/3/22**

None from this report

**Staffing : None**

**Equality and Diversity including Human Rights : None**

**Data Protection Implications : None**

**Climate Related Risks and Opportunities: None**

**Section 17 Crime and Disorder Considerations: None**

**Health Implications: None**

**Title and Location of any Background Papers used in the preparation of this report :**

**Risk Assessment :**

## **1 Introduction**

- 1.1 In March 2020, Members of the Governance and Audit Committee undertook a survey to assess the effectiveness of the Committee. The survey was based on advice offered by the Chartered Institute of Public Finance and Accountancy (CIPFA) (2018) suggesting that it is useful for audit committees to undertake a self-assessment of its effectiveness.
- 1.2 The findings were analysed and reported back to the Governance and Audit Committee in June 2020. At that meeting the Committee agreed to form a working group of at least three members to further review the findings and devise an improvement plan which the Committee would oversee.

## **2 Working Group**

- 2.1 The working group has met on two occasions and reviewed the issues to be addressed. A number of actions have been recommended and implemented to improve matters. The action plan is presented in Appendix One.
- 2.2 These actions are to form part of the business as usual operations of the Committee and its supporting mechanisms. Taken as a whole, the working group is confident that they will contribute to the on-going effectiveness of the Committee.

### Governance & Audit Committee Effectiveness Action Plan

Issue	Action	When?	Update	By Who?
Ensure the purpose of the Committee is understood by all members	Review the Committee's Terms of Reference at the first meeting of each civic year	Annually	Planned into work plan and agenda	Committee Chair
Quality and content of lengthy/technical reports	At Chair's Brief determine whether, in the opinion of the Chair/Vice Chair, any reports that do not already include an executive summary require one.	On-going	Part of Business as Usual (BaU) activity related to Chair's brief meetings	Lead Officer/Report Authors/Chair/Vice Chair
Improve the financial literacy of Committee members	Provide 'bite-size' financial training packages for members on an annual basis, including how to read accounts/financial statements.	1. Annually plus regular periods and updates. 2. Induction package for new Members	1. Financial awareness sessions recently held for all Members 2. Statement of Accounts (SoA) training available for all Members 3. Relevant material stored in Members portal	Finance Team Manager Democratic Service Officers Member Development Group
Ensure that the interests and experiences of Committee members broadly reflect the Committee's subject matter and that any gaps are filled where possible	1. Annually appraise the interests and experience of Committee members and match against those required for the Committee to be fully effective. 2. When recruiting Independent Members, highlight the	1. On appointment of new Members 2. Annual review 3. When recruiting Independent Members	1. Part of on-going review of effectiveness 2. Skills required form part of person spec when recruiting Independent Members	Lead Officers

	skills/experience required.			
Improve the level of scrutiny and assurance seeking among members	<p>1. Pre-committee meetings to take place between Chair/Vice Chair and Committee members to discuss the content of reports and identify any pertinent questions or matters to raise at the Committee.</p> <p>2. Chair to point Members of Committee towards certain aspects of future Committee reports and provide review/feedback.</p>	On-going	<p>1. Pre-meet session prior to Committee in place and need for these reviewed in light of each Committee agenda</p> <p>2. Forward Plan used as a basis of identifying future reports that may require particular scrutiny and appoint Members to undertake this</p>	Chair/Vice Chair and Committee members

# Agenda Item 6e



Governance and Audit  
Committee

Tuesday, 13 April 2021

**Subject: Annual Constitution Review and Monitoring Officer Report 20/21 for Recommendation to Council . Approval of amended Contract and Financial Procedure Rules.**

Report by:	Director of Corporate Services and Monitoring Officer
Contact Officer:	Katie Storr Senior Democratic & Civic Officer katie.storr@west-lindsey.gov.uk
Purpose / Summary:	<p>The purpose of the report is for the Governance and Audit Committee to <b>RECOMMEND</b> to Council the proposed amendments to the Constitution.</p> <p>The report also includes an Annual Report from the Monitoring Officer. The report aims to provide an holistic view of all governance associated matters.</p> <p>The Governance and Audit Committee are also asked to <b>APPROVE</b> the amendment(s) made to the Financial and Contract Procedure Rules, which will subsequently be noted by Council as part of the Annual Review.</p>

## **RECOMMENDATION(S):**

***The Governance and Audit Committee are asked to: -***

- (1) APPROVE the amendment(s) made to the Contract and Procurement Procedure Rules and Financial Procedure Rules detailed at Section 4 of this report (the full set of Procedure rules are attached at Appendix 1 and 2 for completeness).***



- (2) Agree the governance outlined in the draft report to Council (App A) , in respect of managing Commercial and Economic Growth, provides assurance that the council is taking appropriate mitigating measures against the risks identified in its commercial approach and note the updated position provided in Section 7 of the draft report to Council.**

**The Governance and Audit Committee are asked to RECOMMEND to COUNCIL: -**

- (3) that the outcome of the 19/20 and 20/21 annual reviews, as detailed in the report attached at Appendix A be noted;**
- (4) that the additional amendments detailed throughout Section 3 of this report, identified during the 20/21 review (and now incorporated into the draft report to Council attached at Appendix A) be adopted and implemented with immediate effect;**
- (5) the appointments of Mrs Alison Adams, Mr Peter Walton, Mr Richard Harvey and Mr Andrew Middleton (Section 9) be approved. (Section 9)**
- (6) That**
- the progress made with regards to the areas of work agreed for further development in the previous reviews (Section 5);**
  - the further planned work for 2021/22 (Section 6);**
  - the statistical data provided within the report in respect of the number, nature and outcome of Code of Conduct Complaints (Section 8); and**
  - the support offered to Parish Councils (Section 11);**
  - the use of the Council's RIPA powers during the period (section 13) be noted.**
- (7) That the interim decision making process(es) that have been in place during the COVID -19 Pandemic be acknowledged.**

## IMPLICATIONS

### **Legal:**

The Council is required by law to prepare, and keep up to date, the Constitution

### **Financial :**

There are only very limited financial implications as a result of making amendments to the Constitution; these costs can be met from existing budgets. These relate to the resources needed to make changes to electronic records and to the limited printing costs of producing amended pages for paper copies of the Constitution.

### **Staffing :**

The Constitution sets out the manner in which staffing matters should be dealt with. It also defines responsibilities between Officers

### **Equality and Diversity including Human Rights :**

*NB: Please explain how you have considered the policy's impact on different groups (for example: young people, elderly, ethnic minorities, LGBT community, rural residents, disabled, others).*

### **Data Protection Implications :**

### **Climate Related Risks and Opportunities:**

### **Section 17 Crime and Disorder Considerations:**

### **Health Implications:**

**Title and Location of any Background Papers used in the preparation of this report :**

Annual Constitution Review 2018/19 and 2019/20  
Effectiveness of Committees Surveys

**Risk Assessment :**

Failure to amend the Constitution to reflect changes could lead to a risk of legal challenge and reputational risk for the Council.

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

**Yes**

☐

**No**

☐

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

**Yes**

☒

**No**

☐

## **1.1 Background**

- 1.1 The Council is required by law to prepare and keep up-to-date a Constitution which explains how the Council operates, how decisions are made and the procedures which are to be followed to ensure that these are efficient, transparent and accountable to local people.
- 1.2 Article 14 of the Constitution stipulates how such a review should be conducted and Council have committed to undertake a review at least annually.
- 1.3 The Governance and Audit Committee did consider the 19/20 Annual Review ( <https://democracy.west-lindsey.gov.uk/ieListDocuments.aspx?CId=155&MId=2443&Ver=4> ) albeit slightly delayed, at its meeting 16 June, due to the cancellation of meetings in April 2020.
- 1.4 However with Annual Council 20/21 cancelled, the Governance and Audit Committee's full set of recommendations have to-date not received approval from Council.
- 1.5 The only elements of the 19/20 Annual Review which did receive Council consideration and which were ultimately adopted, were those which directly affected the Officer Scheme of Delegation (Officer Responsibilities). This was as a result of the pending senior management structure being completed during 20/21.
- 1.6 With the Scheme having to be fundamentally re-aligned to match the revisions to the structure and responsibilities it was considered opportune and appropriate to bring forward any elements of the review which had a direct impact on the document.
- 1.7 The report was presented to Council at its meeting in January 2021. <https://democracy.west-lindsey.gov.uk/ieListDocuments.aspx?CId=132&MId=2390&Ver=4>

## **2. Introduction and Summary**

- 2.1 Due to the unusual circumstances we found ourselves in, the report attached at Appendix A is the report which full Council will be asked to consider for implementation on recommendation from this Committee.
- 2.2 It is amalgamation of those elements the Committee recommended during its 19/20 review, together with additional items identified during 20/21, whilst those amendments dealt with by way of report to Council as referenced at 1.7 have been removed.

- 2.3 Any new additions, to the report, in need of either recommendation or approval from this Committee are summarised in the following sections, including updated Financial and Contract Procedure Rules (still not received) which, this Committee are responsible for approving.

**3. Additions Arising from 2020/21 Review recommended for inclusion and shown in Draft Report to Annual Council .**

- 3.1 Due to the unusual circumstances in which the Council has been operating during 2020/ 21, this year's review has been lighter than usual. Much of the planned focus work agreed in 2019/20 has been delayed (Role of Scrutiny Committee, Parish Charter, Fourth Tier Governance Review to name a few examples) and therefore the report primarily focusses on work planned for 2021/22.
- 3.2 Article 14 of the Constitution sets out how the Constitution should be reviewed and Officers undertake these actions using a variety of methods including : -
- a) attending a variety of Committee Meetings in order to review proceedings;
  - b) collating feedback from stakeholders and interested parties, including that received in formal complaints or alleged breaches of the Code, whether upheld or not;
  - c) seeking the views of Senior Officers and Team Managers who work within the Constitution;
  - d) surveying Members as to the effectiveness of the Committees to which they are appointed;
  - e) collating in-year experience of when the Constitution has proved cumbersome or unclear.
- 3.3 Officers also meet regularly with the Chairman of Governance and Audit Committee to consider all governance matters.
- 3.4 Such activity this year has resulted in several, mainly minor amendments having been made throughout the document, primarily to Parts IV and V.
- 3.5 These are listed below, and have been included in table at 2.5. in the report to Council (Appendix A)

	Part IV (Responsibility for Functions – S151 page 36 )	<b>NEW function be added “ To make purchases in accordance and within the limits of the Council’s Commercial Investment Strategy”</b>	This delegation was agreed back in 2016 but has not been cross referenced in the Constitution.
	Part IV (Responsibility for Functions – G and A Committee page 9 )	<b>AMEND</b> current function (c) 4 - approving payments.... The following be <b>ADDED “ above £2,500 “ “Compensation Payments in general are delegated to Officers”</b>	Officers have some level of delegation regarding compensation payments as detailed in the Corporate Scheme of Delegation. This note is to clarify that it is only is a function of G and A Cttee when it relates to the LGO and that smaller payments can be made without approval as previously agreed by the Governance and Audit Committee.
	Part IV (Responsibility for Functions – Scheme of Corporate Delegation page 53)	The Note be <b>AMENDED</b> as follows” Compensation arising from LGO Complaints totalling less than £2,500 can be approved by the S151 Officer and must be reported to G and A for information.	Ensures the scheme of corporate delegation and the committee’s terms of reference stay in line. G and A Committee have previously agreed this threshold
	Part IV (Responsibility for Functions – Monitoring Officer page 37)	<b>NEW FUNCTION NO.3 be added as follows “ to source appropriate Independent Resource to undertake the function of IP in accordance with the Localism Act , in consultation with the Chairman of the Governance and Audit Committee, when a vacancy arises suddenly, until such time as a formal appointment is made” Limits on delegation temporary for 9 months</b>	Councils are recommended to have 2 IPS to undertake the functions as set in Localism Act (relating to Code of Conduct Complaints). When an IP resigns there is a period where it is difficult to function with only one IP and recruitment can take time. This delegation will allow the MO (in consultation) to seek resources from a pool or shared service arrangement in the interim period. The delegation is being suggested as temporary whilst consideration is given to whether the recruitment procedure needs amending.
*	Part V (Rules of Procedure - Council Procedure Rules)	Paragraph 9.1 (c) be <b>AMENDED</b> as follows “a question on any matter in relation to which the Council has powers or duties, <b>or in the case of Motions , affects the District.</b>	Questions to Council take the form of a question followed by an answer – the effect the District’s element when applied to a question, results in almost any

			question being accepted, however answering them without proposing action can be difficult. Matters which affect the District should be dealt with by Motions.
*	Part V (Rules of Procedure - Council Procedure Rules)	Paragraph 9.4 (a) be <b>AMENDED</b> to include the words or " in the case of a motion affects the District"	This amendment brings in line the paragraph to reflect the change above.
*	Part V (Rules of Procedure - Council Procedure Rules)	Paragraph 9.4 – Rejection of Questions – <b>new grounds be added as follows: - “(h) the question names an individual member or Group” and (i) the use of Council resources for such a matter is questionable”</b>	Both of these requirements already stand, however they not all included in one consolidated place – this amendment brings clarity
*	Part V (Rules of Procedure - Council Procedure Rules)	Paragraph 9.1 (c) has a link to the Public Question Time at Council Meeting. This leaflet to be updated to include the same criteria applied to Councillors at 9.4	Through operation of the scheme this year it has become apparent that the requirements for Members of council and the public are slightly out of kilter, for example members of the public could currently ask questions about individual Members. This amendment brings clarity and ensures the two schemes are on a par.
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 48)	The Assistant Director Column be ticked for function 1.5 – “carry out consultation with the workforce trade union for changes in work practices etc .....	This function will be undertaken by Ads who have full responsibility for staff within their service.
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 52)	The sub note in 7.4 be amended to read this delegation only applies when directors of Ads are carrying out the role of “ <b>Strategic and Tactical Commanders</b> ” as opposed to Strategic Commander as currently stated.	Better reflects the role being undertaken by Ads
	Part IV Responsibility for Functions – AD for Commercial and Operational Services page 40)	<b>NEW function 8 be added</b> – “to alter the approved fees and charges at the Crem for a limited period of time taking into account circumstances at any given time (following consultation with the Chief Finance Officer)	The AD has similar delegation for both markets and the TAC allows some flexibility to deal with changing circumstances more rapidly – no new fees can be approved through this delegation.

	Part IV Responsibility for Functions –All Management Team General Delegations - page 28)	The following legislation be added to list displayed at 17: - <ul style="list-style-type: none"> <li>Localism Act 2011</li> <li>The Assets of Community Value (England) Regulations 2012</li> </ul>	These two bits of legislation cover various statutory functions and decision making we have to undertake for community rights and neighbourhood planning – and should be included for completeness.
	Part IV – Responsibility for Functions – Director of Corporate Services – page 38	Functions 7 and 8 – relating to ERO and RO be moved to the Chief Executive	Agreed by Council in March due to current post holder leaving.
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 55)	The CFO be ticked for function 10.3 – “allowing exemptions to Contract Procedure Rules “	Should be a function of the Chief Finance Officer as well as C Exec
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 59)	Function 16.4 – determining and responding to request under GDPR and DPA – All Officer columns need to be ticked and the note needs to read following advice from the DPO	Historic Drafting error
	Part IV Responsibility for Functions – Planning Committee Delegation page 12)	<b>REMOVE</b> bullet “conservation area consents”	“Conservation Area Consents” no longer exist, so can be deleted – only <i>planning permission</i> is now required to demolish a building in a conservation area.
	Part IV Responsibility for Functions- AD Planning and Regeneration (page 42	<b>REMOVE</b> “conservation area consents” from delegation 1 and <b>REPLACE</b> with “demolition in conservation areas”	As above

**Note :** Those elements of table 2.5 which have previously been seen by the Committee, and stand recommended, are shown in “greyed out text” in the report to Council, together with the supporting information (Sections 2.6, 2.7, 2.9 ) . Any previous sections which have been updated to now cover the two year period are shown in red text



- 3.6 Additional text has been added to section 2.7 - **Amendments to Scheme of Delegation to Support Parishes** , this now includes data from the current civic year 20/21 and details information of the training planned to further assist parishes in their role within the planning process.
- 3.7 A New Section 2.8 has been added and is set out below:
- 2.8.1 Through the course of the 20/21 Year whilst dealing with both Questions / Motions from Councillors and the Public it has become apparent that the criteria for acceptance at times can be cumbersome. Furthermore, there are exemptions applied to Councillors, which are not repeated in the Public Scheme. A number of suggestions have been made in the Table at 2.5 to rectify this situation.
- 2.8.2 The suggested amendments, it is hoped, also support differentiating between questions and motions. A question should be put and answered and should not lead to direct separate actions. Motions on the other hand should seek the Council to take some sort action.
- 3.7.1 This provides context for the suggested amendments to the Council Procedure Rules and Revision to Public Question Time Scheme detailed in the table above marked \*.
- 3.8 **Amendments required as a result of changes to the Management Structure**
- 3.8.1 As stated at the outset of this report the only elements of the 19/20 Review which did receive Council consideration and which were ultimately adopted, were those which directly affected the Officer Scheme of Delegation, which was up-to-date and current as at January 2021.
- 3.8.2 Members will be aware that since that time the former Director of Corporate Services has left the organisation and a New Assistant Director for People and Democratic Services has been appointed.
- 3.8.3 A Revised Section 4 has been added to the draft report to Council to deal with this and is set out below for ease of reference:
- 4.1 The Chief Executive in consultation with the Chairman of the Governance and Audit Committee was granted delegated Authority to confirm the final version of the scheme of delegation in June 2020, prior to it being presented to Council for Approval.
- 4.2 This work was completed in December 2020 and reported to Council in January 2021. Since then, Council will be aware that the former Director of Corporate Services has left the

organisation and a New Assistant Director for People and Democratic Services has been appointed.

4.3 As a result, delegations previously assigned to the former Director will need to be re-aligned; some to the new Director others to existing Officers. One section of the Constitution which is fundamentally changed as a result of this change in management structure is the scheme of Officer Delegation. (Contained within Section 4 – Responsibility for Functions).

4.4 Due to these changes not being “transformational” in nature, rather a re-alignment of duties they have not been listed within this report, but will be applied in the next published version of the Constitution. The Monitoring Officer does have delegated authority to make housekeeping amendments of this nature.

3.9 **Section 5 - Progress made with regards to those areas of work agreed for further development in the previous reviews** – This section remains fundamentally the same, as the good work achieved in 19/20 was never reported to Council, in the absence of the annual meeting. (Text shown greyed out in the draft report to Council).

3.10 Any areas which it had been intended would stay on the Governance and Audit Committee’s radar in 2021 but where progress was limited either due to previous recommendations not been implemented or due to the Pandemic, have been updated to reflect progress in made in 2020/21 also (shown in red text in the draft report to Council) namely : -

- Overview and Scrutiny Function
- Member Development

3.11 **Section 6 – Focus for Next Year** – A new section has been written but many of the issues remain the same, O and S, Member Development, Parish Charter, New Code of Conduct. However the text alongside each has been updated to reflect worked planned for 2021/22.

3.12 New areas included are: - a review of working Groups, the intention to hold a workshop style event to review standing orders, an intention to look at the role of the newly established Member Forum and its impact on decision making, and continued use of remote working where appropriate.

3.13 **Sections 7 – 12 make up the Monitoring Officer’s Annual Report** these sections aim to provide an holistic overview of all governance associated matters. These sections have been updated to provide Council with a two year position statement, including updated statistical information relating to code of conduct complaints and virtual meetings

3.14 **Section 13** – this is a new section and relates to the Council’s **Regulation of Investigatory Powers (RIPA)** . This information has been included following a recent review of arrangements, with one of the

inspector's recommendations being that Members should receive at least annually the number of times the Council has used its powers.

#### **4 In Year Changes to Contract and Procurement Procedure Rules and Financial Procedure Rules – for Approval by Governance and Audit Committee**

- 4.1 The Governance and Audit Committee are delegated to make any changes to the Contract and Procurement Procedure (CPR) Rules and the Financial Procedure Rules (FPR) between Annual Councils. These must then be reported up to Full Council, for noting, as Part of the Annual Review.
- 4.2 An Audit of the Council's Procurement Procedures was undertaken in April 2018 which resulted in considerable amendments being made to the CPRs and FPRs in the 2018 Constitution Review. A number of significant amendments were also made that year to reflect the Council's commercial agenda.
- 4.3 Relatively few, mostly minor amendments are being proposed as a result of this review and these primarily relate to: -
- amendments required to "job titles / structure levels" to reflect the impact of the recent re-structure\*
  - A revised introduction and scope in light of Brexit .
  - New Section 8.3 relating to reserved Contracts.
  - Clarity around the different processes for procuring interim staff as opposed to Agency Staff
- 4.4 The Full set of amended Contract and Procurement Procedure Rules are attached at Appendix 1 along with brief rationale for each amendment being proposed.
- 4.5 Amendments have also been made to the FPRs to ensure these two important procedural documents work in harmony.
- 4.6 The main amendments are as follows: -
- Amendments for clarity, or new titles ie Finance Business Partner from Accountant and Entrepreneurial Board to Portfolio Board – housekeeping in nature.
  - The maximum loan amount to our subsidiaries has been updated to £50k from £25k as this has been approved by CP&R previously therefore housekeeping in nature.
  - A new write of limit has been introduced for Budget Managers where an asset is deemed to be irrecoverable . The limit is set at £250.
  - All Procurement limits have been amended to ensure they are in line with the Contract procedure rules
- 4.7 For completeness, the Full set of amended Financial Procedure Rules are attached at Appendix 2 with the amendment(s) highlighted for ease.

- 4.8 These documents sit within Part V of the Constitution – Rules of Procedure.
- 4.9 Members of the **Governance and Audit Committee are asked to approve** the amendments, set out within each document.
- 4.10 Council will be asked to note them as part of the annual review; a section to this effect has been included in the draft report to Annual Council ((section 3) Appendix A).



## CONTRACT & PROCUREMENT PROCEDURE RULES

In partnership with Procurement Lincolnshire

Revised ~~March~~[January](#) 2021

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## **Contract & Procurement Procedure Rules**

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### **1. INTRODUCTION AND SCOPE**

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It is clear that the procurement organisation of the future will not look like it was before Brexit. For procurement to drive innovation, capitalise on marketplace dynamics and support continuous improvement this will require a development of roles, structure, behaviours, tools and strategy.

Procurement as an organisational process is intended to ensure that the buyer receives goods, services, or works at the best possible price when aspects such as quality, quantity, time, and location are compared. Corporations and public bodies define processes intended to promote fair and open competition, and following the Public Contracts Regulations (PCR's 2015 and the Council's Contract and Procurement Procedure Rules (CPPR's will ensure that the Council promotes good purchasing practice, deters corruption and prevents allegations of incorrect or fraudulent purchase.

**Commented [AG1]:** Added in to elaborate on the introduction in light of Brexit

Contract & Procurement Procedure Rules (CPPR's) inform officers involved in procurement of the mandatory requirements when undertaking procurement and developing contract documentation.

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The CPPR's advise on procedures for the purchase of goods, works and services and should be read together with Financial Procedure Rules within The Constitution and the Public Contract Regulations 2015 <http://www.legislation.gov.uk>, and apply to all officers employed by the Council and any persons appointed to work with or on behalf of the Council.

At the present time, in the event of any conflict between EU law, UK law and these Contract & Procurement Procedure Rules, the requirements of European law shall prevail over UK law and the requirements of UK law shall prevail over these Procedure Rules.

**Commented [AG2]:** Added in as regulations may change during 21-22 subject to the Government Green Paper on procurement

In support of continuous improvement, Contracts need to be devised that drive down costs, drive up quality and still provide an incentive for both partners.

Following these CPPR's will ensure that the Council promotes good purchasing practice, deters corruption and prevents allegations of incorrect or fraudulent purchase.

**Commented [AG3]:** Incorporated above

When carrying out any procurement, consideration shall be given to the four principles:

- Transparency
- Non-discrimination
- Proportionality
- Mutual consideration

#### **1.1 BASIC STANDARDS**

The purpose of the CPPR's is to:-

- Help officers procure their contracts in a consistent and proper way;
- Ensure legal clarity and reliability in contract administration;



Contract & Procurement Procedure Rules

- Help ensure that expenditure involved in contracts is controlled within approved budgets;
- Support officers to achieve and demonstrate best value for the Council;
- Ensure compliance with Public Contract Regulations, Financial Procedure Rules, applicable Grant Funding regulation and with all UK and European Union legal requirements;
- Ensure fairness in allocating public contracts;
- Comply with all legal requirements;
- Comply with the Councils' policies; and
- Comply with the Councils' corporate and service aims and objectives

In addition, ensure that: –

- Any grant money received must be spent in line with these Contract & Procurement Procedure Rules unless the grant conditions state otherwise;
- The purchase has been authorized by the relevant level of management;
- It is a lawful purchase; and
- Processes are in place to maintain the security and integrity of data;

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Officers involved in any procurement will make sure that:

- The rules set out in this document are followed;
- Any additional legal or financial advice is sought prior to commencement or during the procurement process;
- Any personal financial interest in a contract is declared prior to commencement of the procurement process;
- All bids are kept confidential;
- A written contract is issued and signed by both parties or purchase order is issued before the supply of goods, services or carrying out of works begin;
- Where appropriate identify a Contract Manager with responsibility for ensuring the contract delivers as intended; and
- A review of each contract is carried out at an appropriate stage in a term contract or at the end of a fixed term contract.

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## 1.2. CONTRACTS

All contracts must comply with the requirements of the Public Contract Regulations 2015 and the Council's Contract & Procurement Procedure Rules. A contract is any arrangement made by, or on behalf of, the Council, for: ~~the carrying out of works or for the supply of goods or services. These include arrangements for:~~

The supply of goods;

- Execution of works;
- The delivery of services;
- The hire, rental, repair, maintenance or lease of goods or equipment.

For the purposes of these CPPR's contracts do not include:

- a) Contracts of employment which make an individual a direct employee of the Council;
- b) Agreements regarding the acquisition, disposal, or transfer of land (for which Financial Regulations apply); or
- c) Awarding of Grant monies.

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## 1.3 CONCESSION CONTRACTS

A concession contract is an agreement between the Council and an Economic Operator (mostly private companies) where the Economic Operator is given the right to exploit works or services provided for their own gain. Economic Operators can either receive consideration for their services solely through third party sources, or partly through consideration from the Council, along with income received from third parties.

There are two types of concessions contracts: works concessions and service concessions. In a works concession, the Economic Operator operates, maintains and carries out the development of infrastructure. In a service concession, the Economic Operator provides services of general economic interest.

Advice must be sought from Procurement Lincolnshire prior to tendering a concessions contract.

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## 1.4 RESPONSIBILITIES

### 1.4.1 The Management Team (MT)

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#### Contract & Procurement Procedure Rules

The MT have joint responsibility for:

- Ensuring that procedures for procurement are sound and properly administered;
- All staff comply with the Public Contract Regulations 2015 and the Council's these Contract & Procurement Procedure Rules.

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#### Contract & Procurement Procedure Rules

The Section 151 Officer (Chief Finance Officer) is responsible for ensuring all income—and expenditure is lawful. In addition, the Section 151 Officer (Chief Finance Officer) will also monitor the use of the exception process (section 2).

#### 1.4.2 ~~Managers~~ Directors/-Assistant Directors

Will be responsible for:

- Ensuring staff within the services under their responsibility are aware of their ~~responsibilities~~ obligations under these procedures and receive adequate training and guidance;
- Ensuring officers assigned to manage contracts, update those contracts with the relevant management information, i.e., orders, invoices, minutes, etc. in the current contract management depository;
- Ensure sufficient time and resource is allocated to the pre-procurement and tendering process.

#### 1.4.3 Contract Sign Off

Sign off on Contract documentation on behalf of the Council will be as follows dependent on financial limits allocated:

Total Contract Value	Sign off
Under £25,000k	Team Manager
Contracts £25,001k - £3075,000k	<del>Team Manager/Management</del> Team Director/Assistant Director
Contracts above £30k75,001 and above	<del>Member of Management Team</del> Chief Executive, Chief Finance OfficerAssistant Director of Finance

#### 1.4.4 Procurement Resources

##### 1.4.4.1 Contracts & Procurement Officer

Will be responsible for:

- The Council's Electronic Contract Register which holds all contracts where the estimated contract value is £5,000 and over, including extensions.
- Ensuring safe keeping of an electronic copy of the signed contract is held where a contract is formed in addition to a Purchase Order
- Ensuring ~~All~~ approved exceptions are held on the Contract Register
- Ensuring ~~All~~ Consultancy and Interim appointments are held on the Contract Register
- Ensuring completion of all procurement and contract documentation, including sign off on award/non-award letters for procurements under EU threshold

The Contracts & Procurement Officer is authorised to carry out procurement, under EU threshold, for supplies, services and works on behalf of the Council, and shall ensure that the principles and

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standards of these CPPR's are complied with. Additional support for procurements over £75,000\* will be provided by the Procurement Lincolnshire District Liaison Officer. Advice must be sought from Procurement Lincolnshire with regard to any deviation from the CPPR's and an Exception Report shall be submitted to the Chief Finance Section 151 Officer for approval.

The Contracts & Procurement officer must check whether a suitable Contract or Framework Agreement exists ~~within the Council~~, which can be utilised, before engaging in a Procurement exercise. A framework should be used unless there is a good reason not to, i.e., limited suppliers, timescales, etc., and any reason must be recorded.

The officer must also ensure that any agents acting on the behalf of the Council comply with the CPPR's and all other relevant regulations, and with all UK and EU binding legal requirements.

#### 1.4.4.2 Procurement Lincolnshire District Liaison Officer

The Shared Service agreement with Procurement Lincolnshire provides an additional procurement resource to assist the Council with high value or complex procurement enquiries, as required, in particular with focus on procurements over the value of £75,000.

## 2. EXCEPTIONS TO COMPLIANCE WITH THE CONTRACT & PROCUREMENT PROCEDURE RULES

Exceptions are provided in circumstances where the Chief Finance Officer (Section 151 officer) believes an alternative route to normal tendering procedures is required.

Exceptions may be necessary because of an unforeseen event has occurred whereby there may be immediate risk to persons or property, or potential serious disruption to Council services.

Exceptions are not a substitute for occasions where procurement planning has not been exercised and there is insufficient time to undertake a competitive process.

The exception report shall be completed by the Contracts & Procurement Officer and submitted to the appropriate authority for approval as follows:-

- The appropriate Committee or Full Council if:
  - The value of the contract is over EU threshold and approval has been given by Legal Services and/or Procurement Lincolnshire: and
  - The tendering exercise would not achieve best value.
- The Management Team (one member to sign on behalf of) if:
  - The potential value of the contract is between £75,000\* – EU threshold; and
  - A quotation or tender differs marginally from the specification but nevertheless represents the best value for West Lindsey; or
  - There is only one potential supplier or contractor.
- The Chief Finance Officer Section 151 Officer if:
  - The value of the contract is below £75,000k; and

Part V / Page 125

Commented [AG10]: Clarification

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#### Contract & Procurement Procedure Rules

- The requirement is of an urgent nature; or
- Social value is of high importance; or
- There is only one potential supplier or contractor; or
- There are unforeseen events.

All exceptions shall be recorded on the Councils' Contract Register.

### **3. JOINT COMMISSIONING**

When the Council jointly commissions services with other public sector bodies, the following procedures shall apply:-

- The parties concerned will decide which of them is to act as the lead authority for the purposes of the particular service that is to be commissioned;
- The procedures for the procurement of services of the lead authority shall be followed;
- All participating authorities will be issued with a signed copy of the agreement.

Contracts entered into through collaboration with other public sector bodies, where a competitive process has been followed that complies with their equivalent to the CPPR's will not require an exception from this Council's CPPR's.

### **4. APPOINTMENT OF CONSULTANTS, INTERIM STAFF AND TEMPORARY STAFF**

#### Consultants

Definition – a person who provides expert knowledge and advice in a particular field

Where, it is considered necessary to appoint a consultant to provide the services to the Council the following procedure shall be undertaken.

The Service shall submit a report to the Management Team setting out:

- The nature of the services for which the appointment of a Consultant is required;
- The estimated Total Contract Value of the services;
- The preferred Procurement route (RFQ, tender, framework);
- That no employee of the Council has been identified with the capacity or availability to undertake the services;
- The identified budget availability as agreed with Finance.

If it is the opinion that the nature of the services required is so specialist that fewer than three Applicants would be able to provide the services the officer must record in writing the reason why the services are so specialist and, subject to the approval of the Management Team, may send the invitation to one/two Applicant(s) only.

If permission is granted, an RFQ/Invitation to Tender for the provision of consultancy services must include as a minimum:

- a specification for the services;
- a questionnaire seeking details of the applicant's experience in providing similar services;
- the Council's standard contractual terms on which it is intended to appoint

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#### Contract & Procurement Procedure Rules

- the consultant to provide the services; and
- the Award Criteria.

The estimated Total Contract Value will dictate which Procurement route is applicable.

The Service will, in liaison with Human Resources, obtain responses in line with the identified procurement route, for evaluation. Human Resources will ascertain as to whether IR35 (intermediaries legislation) will apply.

Where it is deemed that IR35 will apply, the status check report and cost implications of such appointment must be highlighted. No consultant is to be appointed without confirming if the IR35 rule applies to an engagement.

IR35 is legislation which affects Tax and National Insurance contributions relating to appointments whereby consultants are contracted to work through an intermediary.

The intermediary can be:

- a limited company;
- a service or personal service company; or
- a partnership

The potential candidates will be evaluated and HR will then carry out the relevant checks and assurances. The Service will then submit a final report to the Management Team detailing the proposed appointment and costs for approval. If approved, the successful candidate will then be engaged. HR will then ensure the contract documentation is completed.

Once the consultancy assignment is completed, the Service must submit a report to the Management Team detailing the total cost of the engagement, the benefits and whether the aims and objectives were achieved.

#### Interim Staff

Definition – a person employed for a set period of time, experienced professional with niche skills, able to cover long term leave or manage a project

Where, it is considered necessary to appoint an interim to provide long term cover for an existing post within a Service the following procedure will be undertaken.

The officer must submit a report to Human Resources and Financial Services setting out:

- The nature of the services for which the appointment of an **Interim** is required;
- The estimated Total Contract Value of the services;
- The preferred **Procurement Agency** route (**No. of CV's in line with thresholds**)(**RFC, tender, framework**);
- That no employee of the Council has been identified with the capacity or availability to take over the post;
- The identified budget availability as agreed with Finance.

**Commented [TB12]:** Can we discuss this as I don't think this is an effective method. And I don't think its happening.

**Commented [AG13]:** If we are looking to fill a post then an agency route is fine as long as we get enough quotes in line with thresholds

Where the interim resources is for additional capacity or for specific project delivery, the officer must submit a report to the Management Team setting out the items as detailed above.

**Commented [AG14]:** If we need an interim for a specified project or additional capacity and they are not filling a post then we need to go through a procurement route ie., professional services framework

If permission is granted, an RFQ/Invitation to Tender for the provision of interim services must include as a minimum:

- a specification for the services;
- a questionnaire seeking details of the applicant's experience in providing similar services;
- the Council's standard contractual terms on which it is intended to appoint the interim to provide the services (unless a framework route); and
- the Award Criteria.

The estimated Total Contract Value will dictate which Procurement route is applicable. The potential candidates will be evaluated and HR will then carry out the relevant checks and assurances. The successful candidate will then be engaged. HR will then ensure the contract documentation is completed.

Where the employment of a Consultant or Interim is estimated to attain a value of £5,000 or over, an entry shall be made on the Council's Contract Register.

HR will ensure that all documentation relating to the appointment and engagement of a Consultant or Interim will be stored in a secure environment.

#### Temporary staff

Definition – a person hired through an agency to cover unexpected short term defined work.

The Service Manager will complete a vacancy request form. It will be assessed by Finance for budget requirements and if approved, will then be forwarded to Human Resources (HR) to source suitable agencies. The number of CV's required will be dependent on the budget (see procurement thresholds for quotes).

HR will complete relevant employment checks and advise the Service on the most suitable candidate. If the candidate is self – employed through an agency the Service will be required to sign the agency contract. If the candidate is not self-employed through an agency, HR will complete the council agency contract document and arrange for a signature from the successful candidate.

**Commented [TB15]:** IR35?

## **5. E-PROCUREMENT**

Electronic tendering is the compliant method of carrying out an Invitation to Tender (ITT) or Request for Quotation (RFQ) process where the value of the contract will be £5,000 and above.

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When calculating the expected value of a contract, the final cost will be identified through the total capital and/or revenue expenditure over the projected life of the contract; this will also include any extension periods. If dealing with open-ended contracts the total value should be costed over a four year period.



The electronic tendering portal has a Contract Register and Contract Management module within. It will be the responsibility of the Contracts & Procurement Officer to ensure the register is up to date, all awarded contracts are published and contract management is in place. It will be the responsibility of the Service to ensure all relevant documentation relating to the contract management is uploaded, and the contract is managed through to end of contract term.

## 6. STEPS PRIOR TO PROCUREMENT

Before engaging in a procurement resulting in a Contractual arrangement, the following must be considered:-

- Is the proposed contract in line with the Council's Corporate Plan, aims and objectives?
- Has it been identified as part of business planning?
- Is there a budget in place or will one need to be developed?
- Have all options for delivering the contract been explored?
- Has a collaborative opportunity with other local authorities been explored?
- Will the proposed contract provide value for money in line with good quality?
- Will this procurement secure any wider social, economic and environmental benefits for the West Lindsey District (Social Value)?

For potential procurements not already identified and approved by the Management Team through the Business and/or Service Plans and are considered to be outside 'Business as Usual', these must be authorized through a Business Case detailing:

- The need
- The value
- The objectives
- The risks
- The governance and data protection
- The market
- The most appropriate procurement method
- The resources required for procurement process
- The resources required for ongoing management and monitoring of the contract

### 6.1 BEST SOCIAL VALUE

Procurements should consider how the contract will impact on the economic, social value and environmental wellbeing of the district and Lincolnshire as a whole, as required by the Public Services (Social Value) Act 2012.

Where necessary, the council should consider as part of an assessment:

- How the proposed procurement might improve the economic, social and environmental well-being of the relevant area
- How, during the development of the procurement documentation, the potential improvements can be incorporated, to secure delivery
- Whether any consultation is necessary

### 6.2 LOCAL SUPPLIERS

For the purpose of these regulations a local supplier is defined as those "who's trading premises are located in Lincolnshire and/or a 20 mile radius of the County".

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### 6.3 USING A FRAMEWORK AGREEMENT

~~A public sector framework agreement gives buyers the flexibility to order services and products from private sector suppliers multiple times without going through the full tender application process more than once. A framework is an agreement put in place by a Contracting Authority that may be used by other purchasing organisations, subject to that organisation having been included in the original OJEU notice and identified within the contract documentation, (there maybe more than one Contracting Authority).~~

The purchasing organisation (the buyer) can call off from a framework by either Direct Award or Further Competition according to the detail of the Call-Off procedure included in the contract documentation. As a framework has already satisfied the procurement procedures included in an OJEU tendering process they can often be a faster route to procurement. However, for a Direct Award the requirements of the buying organisation must be precise in detail with that within the framework, this means no change to specification, terms and conditions, standards, price and costs, payment terms etc. Documentation for either a Call-Off or Further Competition is often supplied by the Framework Contracting Authority and part of the framework portfolio documents.

Prior to any procurement the officer responsible for carrying out the procurement activity must consider as to whether there are any frameworks available and suitable for meeting the buying organisations purchasing need.

Engagement of a supplier and formation of a contract must be executed in accordance with the framework procedures (it is the Call-Off order that forms the contract within the Framework). Officers must ensure that they fully understand the terms and conditions, are familiar with and understand all of the Framework and Call-Off procedures documentation along with buyer eligibility before using the framework.

To make a direct award the buying organisation must be able to differentiate amongst suppliers and demonstrate a value for money approach.

### 6.4 GRANT MONIES

Procuring contracts using external grant monies can involve additional regulatory requirements and additional scrutiny. It is therefore mandatory that both the Service and officer responsible for conducting the procurement are fully conversant with all of the requirements of the relevant funding bodies and identify any risks in a pre-procurement risk register.

The Procuring Officer shall ensure they engage with Procurement Lincolnshire to maintain assurance that the correct process is followed and any additional guidance is provided.

~~NOTE: Specifically for ERDF funding, officers must appraise the intended procurement activity against the ERDF published 'common mistakes' guidance prior to initiating any procurement activity to ensure all of the common mistakes are avoided.~~

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## 6.5 STATE AID

State aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU).

The definition of state aid is very broad because 'an advantage' can take many forms. It is anything which an undertaking (an organisation engaged in economic activity) could not get on the open market.

State aid rules can (among other things) apply to the following:

- Grants
- Loans
- Tax breaks, including enhanced capital allowances
- The use or sale of a state asset for free or at less than market price

The rules can apply to funding given to charities, public authorities and other non-profit making bodies where they are involved in commercial activities.

Prior to undertaking any tender the Service must give consideration as to whether there are any state aid implications, advice to be sought from Procurement Lincolnshire.

Where any state aid implications are found, Legal Services should be consulted before continuing with the procurement.

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## 6.6 INFORMATION GOVERNANCE AND DATA PROTECTION

The Contracts & Procurement Officer, when engaging in any procurement process, must consider as to whether any of the requirements of the General Data Protection Regulations [2018](#) will apply. If it is anticipated that personal data is to be processed, the officer must ensure that safeguards are built into the tender documentation and assessed, where appropriate, as part of the evaluation.

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## 6.7 TUPE

When undertaking a procurement exercise, consideration must be given as to whether any Transfer of Undertaking (Protection of Employment) TUPE issues may arise. Human Resources and Legal should be consulted before the procurement process commences.

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## 7. THRESHOLDS

The following table shows the financial threshold levels for Procurement:

Goods and Services

**Commented [AG16]:** Amended thresholds below are better suited to the general BAU procurements

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## Contract & Procurement Procedure Rules

up to £5,000	one written estimate/quotation (email included)
£5,001 - £25000	two quotations
£25001 - £75,000	three independent quotations (no group relationship) (RFQ)
£75001 – EU threshold (£1894,33002)	four independent quotations (no group relationship) (RFQ)
over £1894,302330	full EU tender process (ITT)

Works contracts as above until

£1894,33002.00 - £4,554,413.00	Five independent quotations (no group relationship) or by advertisement
Over £4,554,413.00	full EU tender process (ITT)

Compliance with the CPPR's must not be avoided by disaggregating spend into lesser values.

Electronic tendering must still be used for quotations £5,000 and above

## 8. BELOW OJEU THRESHOLDS FOR PROCUREMENT OF SERVICES

### 8.1 SELECTING THE CORRECT PROCESS

When engaging in any procurement the Service must ensure that good quality and best value is obtained for West Lindsey.

#### Contracts up to £5,000

Minimum of one written quotation is required for services and goods, which includes similar types of process (e.g. looking up from a catalogue). An email will be acceptable for a value up to £5,000.

- A local supplier shall be used where appropriate.
- The form of contract will be a completed West Lindsey District Council Purchase Order raised through the Financial Management System Purchasing Module.

Contracts from £5,001 to £2530,000

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#### Contract & Procurement Procedure Rules

- Procurement of contracts for £5,000 and over shall be carried out through the Electronic Tendering Portal.
- Pre-Procurement approval is required from a Team Manager or Management Team.
- A minimum of two written quotations is required. One of the quotations shall be from a local supplier, where possible, and a local supplier shall be used if they provide the most economically advantageous offer.
- The minimum requirement for the form of contract will be a properly completed official West Lindsey District Council order raised through the Financial Management System Purchasing Module. An accompanying letter or e-mail, cross-referenced to the order, should give further details if necessary. For the higher value contracts it may be pertinent to have a formal contract document signed by both parties.
- ~~All~~ Awarded Contracts of £5,000 and over shall be published on the Contract Register. ~~Contracts under £5,000 will be entered at the discretion of the Service.~~
- Awarded contracts over £25,000 shall have an award notice published on Contracts Finder within 30 days of sign off of contract documentation by both parties.
- The Service will be responsible for updating the contract on the management module through the term of the contract.

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#### **Contracts from £25,001 to £75,000**

- Procurement of contracts for £5,000 and over shall be carried out through the Electronic Tendering Portal.
- Pre-Procurement approval is required from ~~a Team Manager or Management Team~~ the Chief Finance Officer
  - **Procurement at this level has two options.**
  - **Option 1 – Seek a minimum of three written quotations.**
  - **Option 2 – Advertise the opportunity on ~~Source Lincolnshire~~ Find a Tender and Contracts Finder. This process will be conducted through the Open, Restricted or Reserved Procedure. ~~Permission must be sought from the Chief Finance Officer.~~**
- Quotations must be based on a Request for Quotation (RFQ) document including a written specification with Terms and Conditions.
- The Service will be responsible for updating the contract in the management depository

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through the term of the contract.

- The requirement for the form of contract will be a properly completed official West Lindsey District Council order raised through the Financial Management System Purchasing Module and a formal contract document signed by both parties.
- Awarded contracts over £25,000 shall have an award notice published on Contracts Finder within 30 days of sign off of contract documentation by both parties.

#### Contracts from £75,001 up to the EU Threshold

- Procurement of contracts for £5,000 and over must be carried out through the Electronic Tendering Portal.
- Pre-Procurement approval is required from the Management Team.
- **Procurement at this level has two options.**
  - **Option 1 – Seek a minimum of four written quotations.**

• **Option 2 – Advertise the opportunity on Source Lincolnshire Find a Tender and Contracts Finder. This process will be conducted through the Open, Restricted or Reserved Procedure. Permission must be sought from the Chief Finance Officer.**

- Tenders over £75,000 should be coordinated by Procurement Lincolnshire, with all tender documentation issued electronically by and returned to the relevant officer as advised by Procurement Lincolnshire.
- The requirement for the form of contract will be a properly completed official West Lindsey District Council order raised through the Financial Management System Purchasing Module and a formal contract document signed by both parties.
- Awarded contracts over £25,000 shall have an award notice published on Contracts Finder within 30 days of sign off of contract documentation by both parties.

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#### **8.2 REQUEST FOR QUOTATIONS (RFQ'S)**

RFQ's are the Council's preferred method of undertaking procurement within the value thresholds identified in section 7.

As a minimum, quotation documentation must include the following details as a minimum:-

- A date and time for the receipt of the quotations;
- Specification
- Pricing schedule (including any discounts or deduction options);

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Contract & Procurement Procedure Rules

- The period over which the contract is to be performed;
- The timing of the supply;
- Arrangements for payments;
- Terms and Conditions from the Councils' Standard Terms and Conditions for Services or Works;
- Any requirement specific terms and conditions
- Evaluation criteria and award procedure.

In addition, the RFQ can also include:-

- Management and Monitoring requirements and service levels;
- Quality or outcomes required;

The quotation must also state that the Council is not bound to accept any tender or quotation.

All Quotations with an estimated value of £5,000 and over, should ~~ideally~~ be received electronically through a secure vault. If this option is not practical quotations can be received in a plain sealed package by the date and time previously specified. They must be marked "Quotation for ....." with the name of the contract but with no mark to identify the sender.

If quotations are received through an electronic vault they are to be opened by the Contracts & Procurement Officer or other designated procurement officer.

If quotations are received in hard copy, they are to be endorsed with the date and time of receipt and kept by the Contracts & Procurement Officer in a secure place until the time of opening.

Quotations (hard copy) are to be opened at one time by the Contracts & Procurement Officer and witnessed by another officer with a record being kept of all quotations.

Quotations received after the time specified or in envelopes/packages which identify the sender may not be considered.

Any anomalies or apparent errors in the quotation will be clarified by the Contracts & Procurement Officer and a record of the outcome kept on file.

The Council should accept in writing the quotation that represents the best value for West Lindsey.

### 8.3 RESERVED CONTRACTS

There is now an option to carry out a procurement below EU threshold under 'Reserved Contract' status. This means that contracting authorities can now reserve the procurement for suppliers by location, SME's or third party organisations, (the supplier will need to have substantive operations in that County but is not required to have its corporate headquarters there), there are constraints in terms of what must be included in the procurement documentation and advertising requirements. In addition, the contract length can be no more than 3 years.

The thresholds for reserved contract is:

Supplies & Services - £189,330

Works - £4,733,252

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### 8.3 APPROVED LISTS

Approved lists may be used in conjunction with RFQ's to select Economic Operators. Approved lists may be used when recurrent transactions need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise.

Approved lists may not be used if the estimated total aggregated spend for contracts to be placed under the approved list, over a 48 month period, may exceed the relevant EU threshold. When this might occur, a Dynamic Purchasing system or Framework agreement would be a more suitable and compliant approach.

Suppliers to be entered onto an Approved List must have both their financial and technical ability assessed to ensure they are fully able to comply with the requirements.

The list shall be reviewed annually and re-advertised at least every three years. The review will consider the financial, technical ability and performance of those suppliers on the list.

Suppliers no longer qualified will be deleted from the list with a written record kept justifying the deletion.

Suppliers may be entered onto the list at any time between advertisement and re-advertisement as long as they comply with the requirements.

On re-advertisement, all suppliers currently on the list must be invited to reapply.

All Approved Lists must be transparent, non-discriminatory and proportionate. The lists must also be available for public inspection.

### 8.4 INVITATION TO TENDER (ITT) BELOW THRESHOLD

If it is considered that the RFQ process will not deliver the required outcome, a full tendering exercise may be undertaken.

If the total contract value is estimated to be below EU threshold, the Invitation to Tender (ITT) should follow an Open procedure. This a single stage tender process where all bidders submitting a response will be evaluated, there will be no assessment of bidders, through a Standard Selection Questionnaire (SSQ) for the purpose of reducing the numbers of bidders invited to bid for the contract

For works contracts which are above the Services EU threshold and below the Works OJEU threshold, a Restricted Tendering process is permitted by the Public Contract Regulations 2015, which means an SSQ can be included in the tendering process.

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## 8.5. TOTAL CONTRACT VALUE

The total contract value will need to be estimated in order to identify the correct procurement process. All total values will exclude Value Added Tax.

The value will be calculated as follows:

Fixed Term contracts – total estimated value of the supplies, services or works to be supplied over the period including extensions.

Indeterminate Length contracts – estimated annual value for 4 year period. Continuance of these contracts will only be permitted after a cost review and best value assurance has been ascertained on a periodic timescale.

Consultancy contracts – daily rate multiplied by duration of assignment

Concession Contracts – estimated total value of concessionaire's total turnover generated over the duration of the contract

Framework agreements – estimate of the total throughput expected to be placed through the framework in order to provide some additional capacity for unexpected requirements.

Periodic purchases for the same requirement, from the same or different suppliers, must be aggregated over a minimum 12 month period.

Where the Council is only making a part payment, the value from all contributors must be totalled to obtain estimated total value.

## 9. ABOVE OJEU THRESHOLD PROCUREMENT

Where the estimated total contract value is over the EU threshold, advice must be sought from Procurement Lincolnshire.

There are several tender procedures available:- Open procedure, Restricted procedure, Competitive Dialogue, Competitive Procedure with Negotiation, Innovation Partnership.

In an Open procedure all bidders will be evaluated. In other procedures bidders will be de-selected at SSQ stage, prior to completion of the full tender document. Bidders should also be informed of the reasons for de-selection in a pre-tender shortlisting process, at the point of de-selection.

For the higher value procurements, Procurement Lincolnshire recommend a strategy is written to determine the planned approach of cost-effectively purchasing the Council's required supplies, taking into consideration several elements and factors such as the background, scope, outcomes,

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procurement route options, selected route, timeline for procurement, checklist, funding, budget, the projected risks and opportunities, among others.

Above OJEU procurements must be published on Find a Tender (FTS) and Contracts Finder (CF). Once the tender is awarded and contracts have been signed, an award notice must be published on FTS and CF.

## 9.1 STANDARD SELECTION QUESTIONNAIRE

The SSQ is structured in 3 separate parts:

- Part 1 of the SSQ covers the basic information about the supplier, such as contact details, trade memberships, details of parent companies, etc.
- Part 2 covers a self-declaration regarding whether or not any of the exclusion grounds apply.
- Part 3 covers a self-declaration regarding whether or not the company meets the selection criteria in respect of their financial standing and technical capacity.

A Part 1 and Part 2 declaration is mandatory from potential suppliers to declare that they have not breached any of the exclusion grounds.

If a potential supplier, or any organisation has breached any of the exclusion grounds, the organisation has the opportunity to explain how and what action they have taken to rectify the situation (this is called self-cleaning).

You must not add to or change the questions in Part 1 or Part 2 of the Standard Selection Questionnaire. Deviations are permissible for the supplier selection questions in Part 3, but must be reported.

## 9.2 STANDARDS AND AWARD

The Award Criteria is used to determine which of the Bidders will be awarded the contract and they are assessed as part of the ITT.

Public contracts must be based on the Most Economically Advantageous Tender 'MEAT'. Award Criteria must be designed to secure a sustainable outcome which represents Value for Money and quality for the Council.

Award criteria can be:

- Lowest price or total cost
- Based on specified qualitative, environmental or social criteria
- Best price/quality ratio

It may also include:

- Quality, including technical merit, aesthetic and functional characteristic, accessibility
- Innovative characteristics
- Organisation, qualification and experience of staff assigned to performing the contract

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- After sales service and technical assistance, delivery conditions and process

It must not include:

- Non-commercial considerations i.e.,
  - Terms and conditions of employment by suppliers of their workers
  - Terms on which suppliers contract with their sub-contractors
  - Suppliers business activities or interests with other areas of government
  - Conduct of suppliers or workers in industrial disputes
  - Any political, industrial or sectarian affiliations or interests of suppliers
  - Financial support or lack of, by the suppliers for any institution to or from which the authority gives or withholds support
  - Workforce matters and industrial disputes
  - Use or non-use by suppliers of technical or professional services provided by the authority under the Building act 1984.
  - Matters which discriminate against suppliers from the European Economic Area or signatories to the Government Procurement Agreement
  - Selection/Suitability Criteria

### **9.3 COMMUNICATION WITH SUPPLIERS**

All communication with suppliers will take place through an electronic tendering portal.

The Contracts & Procurement Officer or Procurement Resource will publish all documents relating to the procurement. No substantial modification to the documentation is permitted once it has been published.

No verbal communication regarding the documents must be undertaken with bidders during the tender process. Communication must be conducted through the electronic tendering portal.

If a competitive dialogue process is used, oral communication is permitted within the dialogue phases of the procurement. Advice should be sought from Procurement Lincolnshire before this process is undertaken.

### **9.4 UNDERTAKING A TENDER**

When considering a tender process, it is in the Council's interest to ensure that the Bidders are given sufficient time in which to prepare and submit a tender and that as much relevant information is disclosed to allow Bidders to submit a competitive offer.

The Invitation to Tender (ITT) must include:

- A specification – this must describe clearly the council's requirements
- Any proposed contract mobilisation or implementation
- A process to enable the Council to ensure the Supplier meets its obligations
- Exit strategy and potential decommissioning
- A statement that the council is not bound to accept any tender received
- Timeline for the procurement process, including clarification deadlines and process for return of tenders through the electronic tendering portal
- The award criteria and weightings where relevant

- The evaluation procedure
- The Form of Tender and collusive tendering certificate

#### **9.5 CLARIFICATIONS PRIOR TO SUBMISSION**

During the tender process, Bidders are allowed to submit questions regarding the tender documentation. All questions are to be submitted through the electronic tendering portal. The Council will then respond through the portal ensuring both the clarification and response is shared with all Bidders, except when the response would disclose confidential Bidder information.

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#### **9.6 PRESENTATIONS**

Presentations are no longer permitted to be assessed as part of the procurement process unless presenting is a material component of the specification.

The evaluation of presentations must be defined within the Award Criteria of the ITT and the following undertaken:

- Contemporaneous notes are collected detailing all questions, responses and points raised
- Questions to be concentrated on the evaluation requirements

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#### **9.7 EVALUATIONS AND SCORING**

Tenders shall be evaluated, recorded and awarded in accordance with the Award Criteria detailed in the RFQ or ITT, and the award criteria and any sub-criteria should be kept to a minimum to enable the evaluation process to be more manageable.

The evaluation and scoring meeting will be chaired by the Contracts & Procurement Officer or Procurement resource from Procurement Lincolnshire, the chair is not allowed to be part of the evaluation panel.

The evaluators must evaluate the Bidder submission alone, no other documentation or knowledge of the Bidder can be included, and the written record must demonstrate why the highest scoring Bidder provided the best submission.

Evaluators are required to reach a consensus score with agreed comments. The scores and comments for all the Bidders shall be objective and in line with the Award criteria. Any commentary may be disclosed to Bidders if there is a legal challenge and the evaluation process is an activity where the risk of challenge is high.

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#### **9.8 CLARIFICATIONS DURING EVALUATION**

Any unclear or ambiguous aspects of the bids shall be clarified with the Bidder through the electronic tendering portal. Clarifications during the evaluation process shall not be used to extract additional components of the bid, but to ascertain the extent of the Bidder's offer.

Any response subject to a clarification request by the council shall not be scored until the clarification has been received.

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**9.9 AWARD**

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Where the estimated total value of the contracts exceeds the EU threshold, all Bidders shall be informed of the intention to award to the successful bidder. A Standstill period of 10 calendar days will be in force after the notification to allow unsuccessful bidders to challenge the decision.

Once the 10 day period has expired, the contract may be formally awarded to the successful supplier. Contract documentation will then be drawn up for signatures.

If the decision is challenged the Council will immediately inform Procurement Lincolnshire for advice.

In the case of unforeseen circumstances outside the control of the Council, the 10 day standstill period can be waived, after confirmation with Legal Services and Procurement Lincolnshire.

The Contracts & Procurement Officer or Procurement resource will inform all bidders of the reason for the award and provide feedback. This must include:

- The award criteria;
- Scores for the relevant sections of the tender for the bidder who is to receive the debrief;
- The deadline for the standstill period and the date after which the council is able to award the contract;
- Evaluation commentary for the Bidder
- Name of the winning Bidder

**10. REPORTING REQUIREMENTS**

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It is a requirement of the Public Contract Regulations, on completion of an over EU threshold tender process, for a written procurement report to be drawn up, to include at least:

- Name and address of the contracting authority, subject matter, and value of contract
- Names of selected bidders and reasons for selection
- Names of deselected bidders and reason for deselection
- Name of successful bidder and reasons why its tender was selected
- Justification for use of competitive procedures with negotiation and competitive dialogues in accordance with regulation 26 (PCR's)
- Justification for use of negotiated procedures without prior publication, in accordance with regulation 32 (PCR's)
- The reason for non-award of contract
- The reason for not using the electronic tendering portal
- Any conflicts of interest identified and measures taken.

A copy of the report must be submitted to the Cabinet Office or European commission on request.

Sufficient documentation must be kept to justify all decisions taken in all stages of the

procurement process.

The documentation must be kept for a minimum of 12 months for records of unsuccessful tenders and 6 years in relation to the successful tender.

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## 11. **CONTRACT FORMATION**

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Every contract, including the appointments of consultants or interims, with a total contract value of £5,000 and above, including extensions, must be recorded on the Council's electronic Contract Register.

No amendments ~~must~~can be made to the contract, or terms and conditions, without first consulting Legal Services or Procurement Lincolnshire. Any amendments agreed during the clarification process will be stated in the clarifications list as an Appendix to the contract document.

Every contract must clearly state appropriate governance obligations where it involved the processing of personal data.

Procurement Lincolnshire advice must be obtained for contracts involving:

- Leasing arrangements
- Use of supplier terms and conditions
- A total contract value in excess of £75,000
- Complex documentation

## 12. **CONTRACTS SIGNED UNDER HAND**

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The officer responsible for obtaining the signature for the contracts shall ensure that the person signing it has the authority to do so.

A signature will be required for all contracts up to a total term of 6 years and not in excess of the EU threshold.

## 13. **CONTRACTS SIGNED UNDER SEAL**

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A contract should be sealed where:

- The council may wish to enforce the contract for more than 6 years after its end;
- The total contract value is over the EU threshold
- Legal Advice has been provided to this effect
- Where the Council has paid no consideration for goods or services, or the carrying out of works

## 14. **PREVENTION OF CORRUPTION**

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Officers engaged in procurement processes must not invite or accept any gift or reward in respect of the award or performance of any contract.

The onus will be on the officer to prove that anything received was not received corruptly.

On submission of tenders, the ITT must include an anti-collusion statement signed by the Bidder, this is a declaration of good standing confirming that the Bidder has not met any grounds for

mandatory exclusion.

15. **CONTRACT MANAGEMENT**

All contracts, whatever the value, shall require some form of management methodology to be able to evidence that they are: Efficient, Economic and Effective.

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A hard copy of all contracts, requiring further documentation than a Purchase Order must be kept in a central location and it is the responsibility of the Contracts & Procurement Officer to ensure it is done.

All contracts must have a named Contract Manager for the life of the contract.

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## 16. CONTRACT MONITORING

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All contracts will be monitored and reviewed on a regular basis, subject to the requirement. Areas for monitoring will include:

- Adherence of the specification
- Compliance with the terms and conditions
- Attainment of performance standards and service levels
- Change protocol
- Payment arrangements
- User satisfaction
- Data protection

## 17. CONTRACT VARIATION & EXTENSION

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The Contracts & Procurement Officer must ensure that all variations and extensions to contracts are made in accordance with the provisions included within the contract.

Any variations to the original contract must not result in a substantial modification or change to exceed 50% of the initial total contract value.

All variations and extensions must be within the scope of the original procurement and must be signed by both parties.

A copy of any variation or extension must be kept with the original contract documentation.

## 18. FINANCIAL CONTROL

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Where expenditure is expected to exceed the contract price, this should be reported as follows –

Contract Figure	Chief Finance Officer (S151)	Management Team	Committee
£	£	£	£

Contract & Procurement Procedure Rules

Up to £25,000	Up to 5,000	Over 5,000 to 10,000	Over 10,000
£25,001 to £75,000	Up to 7,500	Over 7,500 to 15,000	Over 15,000
£75,000 above	Up to 10,000	Over 10,000 to 25,500	Over 25,000

The reporting requirement does not apply where contract growth is in accordance with the provisions of the contract.

Financial Procedures Rules regarding virement still apply to all additional expenditure.

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# **WEST LINDSEY DISTRICT COUNCIL**

# **FINANCIAL PROCEDURE RULES**

## INTRODUCTION

### 1 FINANCIAL PROCEDURE RULES

1.1 Strong financial controls are vital within any public sector organisation. The use of public funds must be transparent and both Members and officers must be held accountable for how public funds are used. These Financial Procedure Rules have been formulated having particular regard to the following –

- The financial framework operating within the Council.
- Promoting the accountability of officers for the financial resources required to deliver their services.
- Compliance with all current legislative financial standards and Codes of Practice.
- A culture of openness and scrutiny.
- The promotion of a culture of managerial flexibility within the statutory and organisational constraints of a public sector body.

1.2 The Financial Procedure Rules establish the system of control for financial decisions. They are an integral part of the Council's Constitution. The rules reflect the responsibilities arising from being entrusted with public money.

1.3 The Financial Procedure Rules consist of 2 parts:

- The first part defines the roles of Councillor and officers and sets the framework within which the Rules operate;
- The second part contains the overarching regulations, and provides the detailed 'Rules' on how those regulations are implemented.

1.4 A series of detailed guidance notes and practice support the Financial Procedure Rules. Whilst the detailed guidance is regularly updated, where there is any difference between the Financial Procedure Rules and the detailed guidance, the Financial Procedure Rules have precedence in all cases.

### 2 STATUS OF FINANCIAL PROCEDURE RULES

2.1 The Council must conduct its business efficiently and ensure it has sound financial management policies in place, including arrangements to monitor compliance. The Council's statutory Chief Finance Officer is also charged with ensuring that proper financial management processes are in place.

Financial Procedure Rules, together with the Budget and Policy Framework Procedure Rules, provide the basis for managing the Council's financial affairs and are part of the Council's Constitution. They apply to every

Councillor and officer of the Council and to anyone acting on its behalf. They must be followed by all of the Council's staff and all consultants or technical officers from outside the Council employed or otherwise engaged by the Council. Failure to comply may lead to disciplinary action being taken by the Council.

- 2.2 The Council's Scheme of Delegation will be taken account of in all matters relevant to these procedure rules.

## **PART ONE – CONTEXT, ROLES AND RESPONSIBILITIES**

### **1 FINANCIAL MANAGEMENT**

1.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the budget and policy framework [and in accordance with the Financial Management Code of Practice](#).

1.2 The processes of financial management involve:

- Complying with statutory requirements;
- Ensuring that the Council receives value for money;
- Development and approval of protocols, standards and financial plans (including the revenue and capital budgets);
- Implementing policies, protocols and standards;
- Monitoring compliance;
- Maintaining records;
- Reporting and providing advice;
- Specific financial techniques and functions e.g. virement, year end balances, Statements of Account.

1.3 All Councillors and officers must abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring everyone is clear about the standards to which they must work and the controls in place to check that the standards are met. The Financial Procedure Rules must be kept up to date and consistently applied by all Councillors and officers.

### **2 FINANCIAL ADVICE**

2.1 Sound financial advice is fundamental to ensuring the maintenance of basic standards of financial management. Only persons qualified to do so should provide such advice.

2.2 Persons giving financial advice must have been authorised to do so by the Chief Finance Officer.

2.3 The Chief Finance Officer has the right to attend all meetings of the Council, committees and sub-committees, working groups, boards or other forums where decisions or recommendations potentially having financial implications may be taken. This is often discharged through officers within the Finance function.

2.4 All reports contain risk management (including financial risks) and financial implications sections, the contents of which must be agreed with the Chief Finance Officer (or other officer authorised by him/her), prior to submission to the Management Team, Committees, or other forums where decisions will be made.

### **3 ACCOUNTING POLICIES**

3.1 'The Code of Practice on Local Council Accounting in the United Kingdom: (the Code) requires the Council to declare, in the form of accounting policies, how they treat specific items within the annual accounts. These policies take account of current accounting concepts and standards. The Accounting Policies can be found in the Annual Statement of Accounts.

3.2 Key elements of accounting policies are that:

- Systems of internal control must be in place that ensure that financial transactions are lawful;
- Accounting policies must be applied consistently;
- Proper accounting records must be maintained;
- Financial statements must present fairly the financial position of the Council and its expenditure and income.

### **4 INTERNAL CONTROL**

4.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

4.2 The Chief Finance Officer is responsible for advising on effective systems of internal control, an essential part of which is the Internal Audit function. These arrangements ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

4.3 Directors/Assistant Directors must establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

4.4 Key controls must be reviewed annually and the outcome reported in an Annual Governance Statement commenting on the effectiveness of the systems of internal control and corporate governance.

### **5 AUDIT REQUIREMENTS**

5.1 The Accounts and Audit Regulations 2003 (Regulation 6) require that "a relevant body (i.e. a local Council) shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices".

5.2 The Council is subject to an independent external audit of its accounts. The basic duties of the external auditor are governed by section 15 of the Local

Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

5.3 The Council may, from time to time, be subject to audit, inspection or investigation by other external bodies such as HM Revenues and Customs, who have statutory rights of access.

5.4 The Chief Finance Officer has overall responsibility for Internal Audit throughout the Council, whilst the Governance and Audit Committee oversees the performance and effectiveness of Internal Audit.

## 6 ROLES AND RESPONSIBILITIES

### 6.1 Role of the Council

The Council's functions include the following:

- Adopting and changing the Constitution;
- Approving or adopting the policy framework (including the Corporate Plan);
- Approving the budget;
- Approving the Treasury Management Strategy (including the Borrowing, Investment and MRP Strategy, and Prudential Indicators);
- [Setting the Council Tax](#),
- [Setting Fees and Charges](#)

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### 6.2 Corporate Policy & Resources Committee

The Corporate Policy & Resources Committee main functions are:

- To formulate (but not adopt or approve): (a) the Policy Framework, (b) the Budget; and (c) the Council's objectives and priorities.
- The control and management of resources including land, property, finance and staff to further the Council's objectives.

The Corporate Policy & Resources Committee makes key day to day decisions and recommendations on policy and budgetary matters.

### 6.3 The role of the Governance and Audit Committee is to:

- To approve amendments to the Financial Procedure Rules and Contract Procedure Rules as set out in the Constitution.
- To monitor the operation of the Council's Constitution and keeping its terms under review.
- To consider and make recommendations on proposals to make changes to the Constitution prior to its consideration by the Council.
- To agree and update regularly the Council's Local Code of Governance



- Consider the Council's Statement of Accounts;
- Approve the Council's internal audit strategy;
- Review internal audit reports and recommend appropriate actions in response to issues raised;
- Consider the reports of external audit and inspections agencies;
- Monitor and review the Council's risk management arrangements;
- Monitor and review the Council's assurance statements;
- Be responsible for ensuring the effective scrutiny of the Treasury Management strategy and policies.

6.4 **The Section 151 Officer is the officer designated by the Council and is therefore referred to throughout these procedure rules as the Chief Finance Officer).**

The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Local Government Act 1972 (Section 151);
- Local Government Finance Act 1988;
- Local Government and Housing Act 1989;
- Local Government Act 2003;
- Accounts and Audit Regulations 2003.

These statutory responsibilities cannot be overridden or be subject to direction by the Council.

The Chief Finance Officer is responsible for:

- Ensuring the proper administration of the Council's financial affairs;
- Determining and agreeing the accounting procedures and records for the Council
- Setting the financial management standards and monitoring compliance with them;
- Reporting on the adequacy of reserves and the robustness of the budget estimates when the annual budget is being considered;
- Ensuring the existence of a medium-term financial plan,
- Ensuring proper professional practice is adhered to and acting as head of profession in relation to the standards, performance and development of finance officers throughout the Council;
- Advising on the key strategic controls necessary to secure sound financial management;
- Preparing revenue and capital budgets in conjunction with Directors/Assistant Directors:
- Ensuring that appropriate financial management information is available;
- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;

- Supporting and advising democratically elected representatives;
- Supporting and advising officers in their operational roles;
- Leading and managing an effective and responsive financial service.
- Providing an efficient and effective Treasury Management function.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer in consultation with the Monitoring Officer, to inform all Members and the External Auditor if the Council or one of its officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure;
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;
- Is about to make an unlawful entry in the Council's accounts;
- If it appears to the Chief Finance Officer that the expenditure of the Council incurred (including the expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

If a Section 114 notice [is](#) issued, the full Council must meet within 21 days to consider the notice.

Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified officer to deputise should he/she be unable to perform the duties under Section 114 personally;
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under Section 114.

The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting to the Council any additions or changes. He/she is responsible for issuing advice and guidance to underpin the Rules that Councillors, officers and others acting on behalf of the Council are required to follow, and must approve the content of all such guidance and any amendments, prior to their adoption. The Chief Finance Officer must be consulted in respect of all reports [which contain financial implications](#) to elected Members.

**Commented [TB1]:** There is no need to see planning licencing o&s for example

## 6.5

### The Monitoring Officer

The Monitoring Officer is responsible for promoting and maintaining high standards of conduct, including conduct in relation to financial issues, by both Councillors and officers. In conjunction with the Chief Finance Officer he/she is responsible for advising the Committees or the full Council about whether a decision, or intended decision, is likely to be considered contrary to, or not wholly in accordance with, the Council's budget. Such decisions might include:

- Initiating a new policy without specific budget approval;
- Committing expenditure in future years above the approved budget level;
- Incurring expenditure in future years without proper approval of virement;

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- Causing total expenditure to increase beyond a specified level.

The Monitoring Officer must be consulted in respect of all reports to elected members.

## 6.6 Internal Audit Manager

The Internal Audit Manager manages the internal audit function in the Council. CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom describes internal audit as:

"An assurance function that provides an independent and objective opinion to the organisation on risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources."

The Internal Audit Manager also has a role in advising managers in relation to risk and control issues such as appropriate controls in new projects/development.

Internal Audit are to be informed of all proposed changes to computer or other systems prior to implementing the changes.

Internal Audit are to have access to all records relating to their activities and to any Council premises or land.

Internal Audit may seek explanations or require an employee to produce assets under their control.

## 6.7 Directors/Assistant Directors are responsible for ensuring that all officers are aware of the existence of, and have access to, the content of these Rules and other internal regulatory documents and that they comply with them. In particular they shall:

- Ensure that a Scheme of Delegation has been established for all Service Areas. The Scheme of Delegation should identify officers authorised to act on the Directors/Assistant Directors behalf in respect of payments, income collection and the requisitioning of goods and services.
- Promote the financial management standards set by the Chief Finance Officer and monitor adherence to them, liaising as necessary with him/her;
- Promote sound financial practices in relation to the standards, performance and development of officers;
- Ensure compliance with the Financial Procedure Rules and associated manuals;
- Ensure that all Service Financial Procedure Manuals, and amendments thereto, are approved by the Chief Finance Officer before adoption;
- Ensure officers are aware of their responsibilities for devising and implementing systems of internal control;
- Maintain a written record where decisions have been delegated or devolved to other responsible officers;
- Consider reports and make an initial response to the Chief Finance Officer, within 15 working days of receipt;

- Implement recommendations agreed by Committee or Council;
- Report to the Chief Finance Officer and the Management Team any rejected recommendations;
- Ensure that Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer;
- Provide the Chief Finance Officer with such information and explanations as the Chief Finance Officer feels is necessary to meet with his or her obligations under the Constitution.
- Provide all the information that is requested from them in accordance with the agreed budget timetable.
- Take reports to Committee to gain ~~initial~~ approval for service improvements and capital investments. ~~The co-ordination, for final approval by Council, of these requests will be by the Chief Finance Officer.~~
- Comply with all aspects of the Financial Procedure Rules and the financial framework when working with the Chief Finance Officer to set budgets.
- To consult with the Chief Finance Officer and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- Inform the Chief Finance Officer of suspected fraud, corruption or irregularities;
- Ensure appropriate training of Officers with financial or budget responsibilities.
- The Chief Finance Officer will ensure that a report will be presented to the Governance and Audit Committee on progress against the Internal Audit Programme

6.8 **All Councillors and officers** have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and is correctly recorded in line with Council policies.

## 7 **FAILURE TO COMPLY**

7.1 Failure to comply with the Financial Procedure Rules:

- Is a breach of the Code of Conduct for Councillors and may result in referral to the Standards Sub-Committee.
- Is a breach of the Code of Conduct for Officers that is covered by the Council's Disciplinary Rules.

7.2 Councillors must report any apparent breach of the Financial Procedure Rules to the Head of Paid Service. Officers must report apparent breaches to an appropriate Directors/Assistant Director or the Internal Audit Manager. The Director/Assistant Director or Internal Audit Manager should report breaches of these Rules to the Chief Finance Officer and the Monitoring Officer.

## PART TWO – FINANCIAL PROCEDURE RULES

### **REGULATION 1 – FINANCIAL PLANNING**

- 1.1 Financial Planning Policy Framework
- 1.2 Preparation of the Corporate Plan
- 1.3 The Financial Strategy and Medium Term Financial Plan
- 1.4 The Capital Investment Strategy and Asset Management Plan (AMP)
- 1.5 The Treasury Management Strategy
- 1.6 The Revenue Budget and the Capital Programme
- 1.7 Service [Improvement](#)~~Delivery~~ Plans

### **REGULATION 2 – CAPITAL**

- 2.1 The Capital Programme
- 2.2 Determining the Capital Programme
- 2.3 Amendments to the Capital Programme
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### **REGULATION 3 – REVENUE**

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- 8.1 Introduction

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[Financial Documents](#)  
Appendix 3 – Definitions  
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## **1 REGULATION 1 - FINANCIAL PLANNING**

### **1.1 FINANCIAL PLANNING POLICY FRAMEWORK**

- 1.1.1 The full Council is responsible for agreeing the Council's policy framework and budget, which will be proposed by the Corporate Policy & Resources Committee.
- 1.1.2 The Council's Policy Framework includes various service and core plans and strategies. All such plans and strategies must be consistent with the Council's Financial Strategy and Medium Term Financial Plan, or indicate their reliance on resources not yet approved or secured by the Council.
- 1.1.3 The key elements of the financial planning process are:
- Corporate Plan;
  - The Financial Strategy and Medium Term Financial Plan;
  - The Capital Investment Strategy and Asset Management Plan;
  - The Treasury Management Strategy;
  - The Revenue Budget and the Capital Programme;
  - Service Delivery and Business Plans

### **1.2 PREPARATION OF THE CORPORATE PLAN**

- 1.2.1 The Head of Paid Service is responsible for proposing the Corporate Plan to Corporate Policy & Resources Committee for consideration before submission to the full Council for approval. It will contain a statement of the priorities of the Council, and will be supported by a number of strategies and policies including Localism Strategy, Commercial Strategy and Corporate Strategy.

[1.2.2](#) The Council require that each planned item of expenditure, whether revenue or capital, is intended to further one or more of the Council's stated priorities or, if that is not the case, is required to discharge a specific statutory obligation on the Council.

[1.2.2](#) [1.2.3](#) [The Executive Business Plan \(presented alongside the Medium Term Financial Plan\) reflects the deliverable actions the Management Team will take to support the delivery of the Corporate Plan objectives.](#)

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### **1.3 THE FINANCIAL STRATEGY AND MEDIUM TERM FINANCIAL PLAN**

- 1.3.1 The Chief Finance Officer is responsible for recommending the Financial Strategy to the Council and for preparing a Medium Term Financial Plan (MTFP), covering at least three years and updated at least annually for consideration by the Corporate Policy & Resources Committee and approval by the Council. The Strategy and the MTFP will be consistent with, and designed to further the achievement of, the Council's priorities.
- 1.3.2 The Financial Strategy sets out the Council's objectives for, and principles adopted in, the management of its financial position. It includes Council Tax levels, the overall position for the Council's reserves and balances, and funding, investment and risk considerations.

## 1.3.3 The MTFP:

- sets out how the Council's performance plans can be resourced in both capital and revenue terms;
- identifies how resources are to be re-allocated over time and what the Council's priorities are for resource allocation;
- Other aspects of financial management may also be included in the MTFP e.g. levels of balances, reserves and provisions.

1.3.4 The MTFP that turns the Strategy into practice must be prepared for at least a three year period plus the current financial year. This is updated throughout the year as events and the budget timetable dictate. [A Mid-Year Review of the MTFP will be undertaken and reported to the Corporate Policy and Resources Committee.](#)1.3.5 Key Controls

The key controls are:

- It covers a number of forward years and is approved annually;
- It is monitored and updates are reported to Corporate Policy & Resources Committee during the year;
- It is clearly linked and aligned to the Corporate Plan;
- It is based on a sustainable financial position and approved policies.

1.4 **THE CAPITAL INVESTMENT STRATEGY AND ASSET MANAGEMENT PLAN (AMP)**

## 1.4.1 The Chief Finance Officer is responsible for ensuring that a Capital Investment Strategy and Asset Management Plan are integrated into the Medium Term Financial Plan. They will be updated annually for consideration by the Corporate Policy &amp; Resources Committee and approval by the Council.

## 1.4.2 The strategy:

- Defines how the capital programme is to be formulated and designed;
- Identifies the issues and options that influence capital spending;
- Sets out how the resources and capital programme will be managed.

1.4.3 Key Controls

The key controls are:

- They are clearly linked and aligned to the Corporate Plan;
- They provide a framework for the review and management of existing and future assets (the AMP);
- They provide a medium-term investment programme linked to the medium-term financial strategy;



- They are reviewed at least annually and reported to Corporate Policy & Resources Committee.

## 1.5 THE TREASURY MANAGEMENT STRATEGY

- 1.5.1 The Chief Finance Officer is responsible for ensuring that the requirements of the Local Government Act 2003 and the CIPFA Treasury Management Code December 2017 are met, and the Council has regard to the Prudential Code December 2017. This requires that Prudential Indicators are set for the following three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. It also requires that the Council's policies for managing its investments give due priority to the security of those investments over liquidity and yield. This will be updated annually for consideration by the Corporate Policy & Resources Committee and approval by the Council.

### 1.5.2 Key Controls

The key controls are:

- Scrutiny of the Treasury Management Strategy by the Governance and Audit Committee.
- Approval by full Council of the Treasury Management Strategy (including Borrowing and Investment Strategies, [the Minimum Revenue Provision Policy and Prudential Indicators](#) for the following three years, ~~in addition to and the existence of~~ [setting](#) an Authorised Limit and Operational Boundary to ensure affordable borrowing);
- Regular monitoring of Prudential Indicators;
- The operation of Treasury Management Practices (TMP's) and Treasury Management Practice Schedules.

## 1.6 THE REVENUE BUDGET AND THE CAPITAL PROGRAMME

- 1.6.1 These are considered in depth under Regulations 2 and 3.

## 1.7 SERVICE DELIVERY and BUSINESS PLANS

- 1.7.1 Directors/Assistant Directors are responsible for the preparation of these plans that reflect the Council's priorities as shown in the Corporate Plan. They must be produced in conjunction with the Capital and Revenue Budgets and each of these plans must support the others.

### 1.7.2 Key Controls

The key controls are:

- All relevant plans are produced and that they are consistent;
- Plans are produced in accordance with statutory requirements;
- All plans reflect the Council's Financial Strategies and vice-versa;
- Timetables are met;
- All performance information is accurate, complete and up to date;
- Improvement targets are meaningful, realistic and challenging;
- Corporate, Service Delivery and Business Plans and the budget are all produced from an integrated timetable and an agreed base position.

## **2 REGULATION 2 – CAPITAL**

### **2.1 THE CAPITAL PROGRAMME**

- 2.1.1 The Chief Finance Officer is responsible for preparing, as a minimum, a three year capital programme that is integrated within the MTFP and reporting expenditure and funding implications of the programme to Corporate Policy & Resources Committee for consideration. The Corporate Policy & Resources Committee will make recommendations to the Council, who will approve the medium term capital programme.

### **2.2 DETERMINING THE CAPITAL PROGRAMME**

- 2.2.1 The Management Team is responsible for the initial consideration of capital spending proposals and the comparative ranking by priority of these proposals.
- 2.2.2 The Council complies with the requirements of the local government Prudential Code for capital. Careful consideration must be given to needs, alternatives and the ongoing revenue implications of potential capital projects
- 2.2.3 The de minimis level for Capital Expenditure and receipts is £10,000. Capital items costing up to £10,000 will be charged as revenue expenditure in the Council's accounts.
- 2.2.4 The ranking process is based on the scoring from the completed Capital Bid Forms (outline business cases) and guidance as approved by the Chief Finance Officer from time to time.
- 2.2.5 Directors/Assistant Directors are responsible for submitting the Capital Bid Forms and complying with the guidance issued by the Chief Finance Officer.
- 2.2.6 The Capital Programme shall include the gross cost of, and sources of funding for, schemes where the Council assembles the finance on behalf of a third party and so incurs no potential liability in respect of funding or project delivery. Such schemes may not result in any asset retained by the Council. Directors/Assistant Directors must ensure that these arrangements are reported to the Corporate Policy & Resources Committee stating the nature of the arrangements, the participants in the process and the sources of finance. The report must clearly state the projected expenditure and income for each financial year.
- 2.2.7 The Chief Finance Officer will recommend to Corporate Policy & Resources Committee the Capital Budget and funding in accordance with the Council's prudential indicators and CIPFA's Prudential Code December 2017.

## 2.3 AMENDMENTS TO THE CAPITAL PROGRAMME

2.3.1 Any mid-year amendment to the Capital Programme as last approved by the Council must be approved by the Corporate Policy & Resources Committee in any cases where:

- A new scheme is proposed to be added to the programme, including those funded entirely by external grants and contributions;
- A scheme is to be deleted from the capital programme;
- The total cost of an existing scheme is to be amended;
- A carry forward of capital resources is proposed.

2.3.2 The relevant Director/Assistant Director and the Chief Finance Officer, in consultation with the Chairman of the Corporate Policy & Resources Committee, must approve any mid-year amendment to the approved Capital Programme, before a report is submitted to Corporate Policy & Resources Committee. This also applies to carry forward requests i.e. where the amendment involves a change in the timing of the spending over the life of the project, but there is no change in the total cost or funding.

2.3.3 The Head of Paid Service may take decisions in an emergency, subject to the delegation and budget framework provisions of the Constitution, in consultation with the Chief Finance Officer.

2.3.4 With the exception of emergency decisions, expenditure must not be incurred or committed on any capital scheme until the Corporate Policy & Resources Committee or Council has given approval. Reports to Corporate Policy and Resources Committee will be prepared and presented before any work starts and on completion of a project. Additional reports would be required at the tender stage, when preparing the capital programme, or otherwise during the project, if there was a significant actual or projected change in the cost of the project.

2.3.5 Expenditure should not be incurred until funding is in place. For external funding, this means that a formal approval of funding has been received rather than a conditional offer or a bid that has been given provisional approval.

## 2.4 CAPITAL MONITORING

2.4.1 Budget monitoring will be carried out in accordance with guidance issued by the Chief Finance Officer. This guidance will lay down the Council's requirements in respect of:

- Frequency of reporting;
- The format and content of reports (including the degree of detail, risk analysis undertaken and any corrective actions taken or proposed);

- The recipients of budget monitoring reports (such as the Management Team or Corporate Policy & Resources Committee);
- The linkages with approved outputs.

2.4.2 For each scheme that is approved the relevant Director/Assistant Director will appoint a Project Manager, who will be responsible for the scheme, including budget accountability. This includes monitoring progress (financial and otherwise) of the scheme and managing the scheme in accordance with the Council's Programme and Project Management ACoP.

2.4.3 The relevant Director/Assistant Director must notify in writing the Chief Finance Officer if there is any anticipated "slippage" of a scheme that will affect the allocation of resources over future financial years. Any loss of external funding arising from slippage must be reported to Corporate Policy & Resources Committee and approval sought for the alternative funding required or other corrective action.

2.4.4 Where in-year spending is likely to exceed the profiled budget and this has an impact on the financial year, this must be reported by the Director/Assistant Director to the Chief Finance Officer who will then review the overall capital financing arrangements for that year.

2.4.5 Where the total cost exceeds, or it is expected that the total cost of a scheme will exceed the budget approved in the Capital Programme, this must be reported to the Chief Finance Officer by the Director/Assistant Director as soon as possible. In the first instance, overspends will fall on the relevant service area revenue budget, unless alternative funding is identified. In respect of any anticipated overspending in excess of £10,000 or 20% whichever is the lesser, the approval of Corporate Policy & Resources Committee must be sought.

2.4.6 Directors/Assistant Directors must notify the Chief Finance Officer upon the offer of or receipt of grant awards or any other offer of support of any type for capital expenditure. Capital receipts will be regarded as corporate resources and may only be ring-fenced to schemes on the express approval of the Corporate Policy & Resources Committee.

#### 2.4.7 Key Controls

The key controls are:

- Approval by the full Council for the Capital Programme;
- An Outline Capital Bid Form is completed for all schemes to be included in the capital programme;
- A prioritisation process in accordance with the Capital Investment Strategy and corporate priorities;
- A Project Manager is responsible for each capital project (delivery and budget);
- Appropriate project management techniques are used and project managers are trained to carry out their responsibilities;

- Contract Procedure Rules are adhered to at all times;
- The requirements imposed by funding bodies are followed;
- Monitoring and reporting requirements on schemes are implemented.

### **3 REGULATION 3 - REVENUE**

#### **3.1 THE REVENUE BUDGET**

- 3.1.1 The Council will agree the Medium Term Financial Plan (MTFP), to be updated annually. The MTFP will include the Revenue Budget for the coming year plus forecasts for at least the next two subsequent years. Revenue resources must be aligned to the corporate objectives of the Council. Budgets are an important part of the corporate planning process since they allocate resources to provide agreed levels of service.
- 3.1.2 The budget will be published in the Council's annual Budget Book. The approved Revenue Budget may be amended during the year in compliance with these Financial Procedure Rules.

#### **3.2 REVENUE RESOURCES**

- 3.2.1 Funding for revenue will come from local taxation, government grants, fees and charges and calls on revenue reserves and balances. **Capital resources (other than reserves specifically set up by earmarking revenue funds for spending on capital) cannot be used to fund revenue expenditure.**

##### **3.2.2 Key Controls**

The key controls are:

- Resources are acquired in accordance with the law and using an approved authorisation process (i.e. the budget setting process);
- Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
- Professional guidance in relation to the adequacy of reserves and minimum level of balances is followed;
- The budget, which sets out how the Council is resourced, is approved annually by the Council;
- The MTFP ensures year on year sustainability of resources are considered in setting spending plans.

#### **3.3 DETERMINING THE REVENUE BUDGET**

- 3.3.1 The Chief Finance Officer is responsible for ensuring that the MTFP and Budget are prepared and submitted for approval by the Council, upon the recommendation of the Corporate Policy & Resources Committee, on or before the statutory date for such approval. The adoption of the budget by the Council shall be accompanied by a resolution as to the level of Council Tax required for the coming financial year in order to sustain the budget. The

MTFP should set out forward projections of council tax increases for at least the next two subsequent years.

- 3.3.2 The Chief Finance Officer recommends the overall quantum of revenue resources available to the Council, based on potential increases in the Council Tax, affordable calls on reserves, and best estimates of grant income. The Chief Finance Officer shall advise as to what would constitute a prudent and necessary minimum level of uncommitted balances/reserves for the Council to retain, and also as to whether the budget being proposed is consistent with such a requirement. In forming such a judgement, the Chief Finance Officer shall have regard to available guidance.
- 3.3.3 The Council agrees an overall MTFP and budget that matches its available resources with corporate priorities and statutory requirements.
- 3.3.4 The revenue budget agreed by Council will as a minimum allocate spending to:
- Each service area showing the gross spending and income and net budget;
  - Each levy;
  - The net cost of borrowing.
- 3.3.5 Directors/Assistant Directors must ensure that all fees and charges are reviewed as part of the annual budget process in line with the Fees, Charges & Concessions Policy (see section 3.8).
- 3.3.6 The level of reserves is reviewed annually in line with the financial strategy and Medium Term Financial Plan and must be decided before the budget and the Council Tax can be fixed. Reserves are amounts set aside by the Council as a result of surpluses, deferred expenditure or policy decisions to 'save' towards future expenditure. Reserves can be either specific (earmarked) or general. The General Fund Reserve will be maintained at a minimum level agreed by Corporate Policy & Resources Committee having regard to the advice of the Chief Finance Officer. The budget report to the Council will include a statement showing the estimated opening reserve balances for the year ahead, the addition to/withdrawal from balances, and the estimated year-end balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure.
- 3.3.7 The Chief Finance Officer will ensure –
- The co-ordination of requests for budgetary change to facilitate service improvements from Directors/Assistant Directors and Corporate Policy and Resources Committee resolutions.
  - The identification of available resources for service improvement.
  - That Members and officers are properly advised when preparing budgets and setting Council Tax
- 3.3.8 The Council's approved budget is published in a "Budget Book", which breaks down budgets into a budget for each service area within the clusters (People, Places, and Policy & Resources). Each service budget has a named responsible officer.

### 3.3.9 Key Controls

The key controls are:

- Adoption of project management techniques;
- Clear and timely guidance from the Chief Finance Officer;
- Consistent format used across all service areas that reflects the relevant level of accountability of service delivery and enables consistency of comparison over time and with other local Councils;
- Effective timetable;
- Reflect the content of the Financial Strategy and Medium Term Financial Plan for the appropriate year;
- Be balanced, affordable and sustainable;
- Ensure that all reports to Management Team and Members (all Committees) are seen by the Chief Finance Office and all financial implications are agreed by the Chief Finance Officer;
- Amendments will be made to financial implications on reports as requested by the Chief Finance Officer;
- Prudent risk assessment of the possible implications in terms of both affordability and service delivery.

## 3.4 BUDGET MONITORING

3.4.1 Budget monitoring will be carried out in accordance with guidance issued by the Chief Finance Officer. This guidance will lay down the Council's requirements in respect of:

- Frequency of reporting;
- The format and content of reports (including the degree of detail, risk analysis undertaken and any corrective actions taken or proposed);
- The recipients of budget monitoring reports (such as the Management Team or Corporate Policy & Resources Committee);
- The linkages with service performance monitoring.

3.4.2 Budget monitoring is an ongoing process, always under review and integral to the overall financial management of the Council. The Chief Finance Officer will present regular budget monitoring reports to Corporate Policy & Resources Committee, at least on a quarterly basis.

3.4.3 Directors/Assistant Directors will need to:

- Be fully aware of their respective budget detail and own the content.
- They will need to maintain a good knowledge of both the Purchasing and General Ledger modules of the Financial Management System.

- Be aware of all effects and influences, such as seasonal variations on their budgets.
- Inform Financial Services of material budgetary issues that cannot be controlled within normal virement parameters.

3.4.4 The Chief Finance Officer will liaise with Directors/Assistant Directors to help to identify savings and future needs. The Chief Finance Officer will also offer financial advice and guidance as well as innovative solutions to issues of a financial nature.

3.4.5 All senior officers need to be aware of those budgets that carry the most material risk and monitor these areas accordingly.

3.4.6 The Chief Finance Officer will ensure that appropriate financial information is available to Directors/Assistant Directors so as to enable them to monitor their budgets and financial aspects of their Service Delivery Plans effectively.

3.4.7 Directors/Assistant Directors are responsible for the financial resources contained in their budgets. Accountability brings with it the responsibility to inform the Chief Finance Officer of any budgetary issues. The Chief Finance Officer will provide a support mechanism to Directors/Assistant Directors which will engender a culture of ownership and strong stewardship.

3.4.8 Directors/Assistant Directors will ensure that all reports to Members or the Management Team are seen by the Chief Finance Officer, evidenced and contain clear and accurate financial implications. Any amendments to the financial implications requested by the Chief Finance Officer will be actioned. Reports for Committee and Management Team should be presented to Financial Services in sufficient time for agreement on the coverage of financial implications.

3.4.9 When monitoring their budgets, Directors/Assistant Directors should understand that delivering the outturn within budget is an important service objective. Where it appears that a variation on a service budget will exceed £10,000, the Director/Assistant Director will immediately advise the Chief Finance Officer and Management Team of the situation, together with their proposed action to recover the position. The Chief Finance Officer will then compile and submit regular budget monitoring reports together with recommendations to Corporate Policy & Resources Committee.

3.4.10 The approved budget is the financial extent of the Council's commitment to a service each year. Any breach of that limit is therefore an ultra vires act. Depending upon the severity and circumstances of any overspend, it may lead to disciplinary action as officers have exceeded their delegated authority.

#### 3.4.11 Key Controls

The key controls are:



- There is a named budget holder who is responsible for each service budget;
- Each Director/Assistant Director nominates a responsible budget holder for each cost centre within his/her service area's revenue estimates and ensures that mechanisms are in place to provide early warnings of anticipated under or overspending;
- All budget holders, including cost centre managers, are accountable for their budgets and the level of service to be delivered and understand their financial responsibilities;
- Services are delivered within the net budget allocated as part of the budget setting process and in line with the Service Delivery Plan;
- Income and expenditure are properly recorded and accounted for on a timely basis within the Council's general ledger;
- The budget and Service Delivery Plan are monitored together and necessary action is taken to align service outputs and budget;
- Budget Managers are appropriately trained to carry out their budgetary control and financial management responsibilities.

### 3.5 AMENDMENTS TO THE REVENUE BUDGET - VIREMENTS

3.5.1 The overall revenue budget that reflects the Corporate Plan is drawn up by [each policy Committee, with](#) the Corporate Policy & Resources Committee [giving overall scrutiny prior to recommending to and approved by](#) the full Council [for approval](#). Directors/Assistant Directors are authorised to incur expenditure in accordance with the estimates and service levels that make up the budget and Corporate/Service Delivery Plans.

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3.5.2 Expenditure and income for any service budget may be incurred up to the amounts included in the approved budget. It is fundamental to proper financial control that expenditure is allocated to the correct place and it is a contravention of these rules to charge expenditure to the wrong heading to avoid authorisation of an appropriate virement.

3.5.3 The management of services within Service Delivery Plans and budgets allows resources to be transferred between services within limits. For example, where a potential overspend in one service budget has been identified through budget monitoring, this overspend could be funded by transferring budget from a service budget where an underspend has been identified. Future monitoring will be against these adjusted budgets.

3.5.4 Within the parameters set out below, Directors/Assistant Directors have the ability to vire monies both within and between Service Budgets. This provides flexibility for the Council and its officers to manage overall service delivery within budgets.

3.6.4.1 For the avoidance of doubt, these virement rules are also applicable to the operation of the Councils earmarked reserves. However, virement is only allowed between one reserve and another and **NOT** between an earmarked reserve and [revenue or capital](#) cost centres.

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## 3.5.5 Within a Cost Centre:

- No limit within a defined cost centre. Directors/Assistant Directors must agree in advance with the Finance Business Partner responsible for that service area.
- Virements cannot be made from non-controllable budgets such as Central Support Recharges and Capital charges.
- Virements from salary budgets can only be actioned during the current financial year. Any permanent change to salary budgets will be seen as a change to the Council's establishment requiring compliance with the Human Resources procedure rules.

## 3.5.6 Between costs centres (under the same Director/Assistant Director control)

- With the approval of the Chief Finance Officer, some senior managers (as set out in the register of sub-delegation) are authorised to approve virements, which, in total, transfer no more than £25,000. These virements should be minuted or otherwise documented.
- Virement exceeding £25,000 and up to £100,000 can be approved by the relevant Director/Assistant Director, Chief Finance Officer and Management Team in consultation with the Chairman of Corporate Policy & Resources Committee. These virements should be minuted or otherwise documented.
- Virements over £100,000 can only be approved by Corporate Policy & Resources Committee. They will be reported by the Director/Assistant Director, in such format as the Chief Finance Officer may prescribe.

## 3.5.7 Restrictions on virements:

- Virements can take place between cost centres in differing Director/Assistant Director's responsibility, with the same limit as laid out in 3.6.6, when the relevant Directors/Assistant Directors and the Corporate Policy and Resources Committee Chairman are in agreement.
- Unplanned savings in the form of unbudgeted income or unused budgets (in excess of £5,000) are not authorised to be used without prior agreement of the Management Team. The Chief Finance Officer and Management Team may consider a report to the Corporate Policy and Resources Committee.
- All virements must be in accordance with corporate and service objectives.
- The service will be as defined in the budget book.
- Evidence of all virements are to be retained by Financial Services
- Virement to or from the budgets for Recharges and Asset Rentals is not permitted unless approved by the Chief Finance Officer.

- 3.5.8 All other budgets can be vired but subject to any other Council policies. No virement may commit future additional expenditure above MTFP provision without Corporate Policy & Resources Committee approval.
- 3.5.9 If the same budget head is used for virement on more than one occasion, the application of the above rules will relate to the accumulated figure.
- 3.5.10 Any virement between an employee budget and a non-employee budget, or between an income budget and a non-income budget, must be approved by the Chief Finance Officer, in accordance with the above determined limits, who may request a report to Corporate Policy & Resources Committee for approval.
- 3.5.11 The securing of additional revenue resources (grants, etc.) must be reported to the Chief Finance Officer. The Chief Finance Officer may authorise the use of those resources to finance additional revenue expenditure where the grant conditions require such. Where there are no such requirements the Chief Finance Officer may require the use of these resources to be approved by Corporate Policy & Resources Committee and will do so in all cases where the sum is **£50,000** or more.
- 3.5.12 The Chief Finance Officer will determine whether a change to budgets is a virement (i.e. the budget is reallocated to a purpose other than originally intended) or a re-presentation or restructure where there is no change to the purpose of the spending. The virement rules set out above shall not apply to restructure or re-presentational changes.

### 3.5.13 Key Controls

Key controls are:

- Virement of resources between one head of account and another, whether within or between service areas is subject to approval;
- Virement does not create additional overall budget liability. Directors/Assistant Directors are expected to manage their budgets responsibly, prudently and within approved service levels. They should not support recurring revenue expenditure from one-off sources of savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors/Assistant Directors must plan to fund such commitments from within their own budgets;
- Virement to provide a fundamentally different service level to that approved in Service Delivery Plans can only be approved by Corporate Policy & Resources Committee.

## 3.6 UNAVOIDABLE EXTRAORDINARY EXPENDITURE

- 3.6.1 Due to unforeseen circumstances, expenditure may be required over and above existing approved budgets. This should only occur in extreme

circumstances, for example natural disaster, as budget managers should be fully aware of any likely pressures on budgets within their remit.

3.6.2 Where possible the relevant Director/Assistant Director should consult with the Chief Finance Officer and other members of the Management Team to seek agreement before incurring any expenditure. The Chief Finance Officer should agree this expenditure in consultation with the Chairman of the Corporate Policy and Resources Committee.

3.6.3 Subsequently a report will be presented to the Corporate Policy and Resources Committee.

3.6.4 Natural disasters will often be funded by Central Government via the Bellwin Scheme. The possibility of this additional funding should be investigated by the relevant Director/Assistant Director.

#### 3.6.5 Key Controls

Key controls are:

- Budget Managers fully trained in budget management so that the budget reflects all anticipated expenditure.
- All unavoidable expenditure is required to be reported to Corporate Policy and Resources Committee.

### 3.7 **CONTRACT AND WINDFALL SAVINGS**

3.7.1 Unless specific agreement with the Chief Finance Officer is obtained, contract savings and windfall savings (i.e. unanticipated income or unanticipated savings on expenditure including any figure relating to previous years) will revert to General Balances.

### 3.8 **FEES AND CHARGES**

3.8.1 The Fees, Charges and Concessions Policy forms the basis of all fees and charges set within the Council. The Policy establishes clear principles for charging, integrates charging into service management, linking with corporate objectives and sets clear objectives and targets. The Policy shall be reviewed by the Chief Finance Officer and reported to Corporate Policy & Resources Committee as a minimum every three years.

3.8.2 Charges should be reviewed at least annually and reported as part of the revenue budget and service delivery plan setting process. Any in year changes resulting from a review of fee levels should be reported to the relevant committee for discussion and if agreed, a recommendation to Corporate Policy & Resources Committee and Full Council for approval.

3.8.3 Fees and charges fall into two categories:

- Statutory;

- Cost related.

#### 3.8.4 **Statutory Charges**

Statutory charges are those determined by organisations external to the Council and over which the Council has no discretion.

#### 3.8.5 **Cost Related Charges**

- Where charges are not prescribed, the Director/Assistant Director is able to set the charge by reference to the cost of service provision;
- Constraints exist whereby the charge should be set to cover the cost of the service, e.g. Public Entertainment Licenses, Local Search Fees;
- Directors/Assistant Directors must have appropriate systems in place to support the fee- setting process, including the allocation of overheads;
- Where decisions on increases in fees and charges are taken outside the budget process for administrative reasons (e.g. where there is a statutory regulation or a duty of consultation, for example, car parking where notices have to be served) due regard must be given to the financial strategy.

#### 3.8.6 **Key Controls**

The key controls are:

- Clear and consistent fees and charges strategy;
- As a minimum. annual review of strategy and levels of charges;
- All fees should be considered as part of the Service Planning process.

### 3.9 **INTERNAL CHARGING**

- 3.9.1 Internal charges are made between services within the Council. Whilst they do not directly generate external income, they do affect the total cost of individual services.
- 3.9.2 Internal charges should be set in accordance with the principles set out in the CIPFA Service Reporting Code of Practice (SeRCOP). There must be a clear rationale for any residual sum not recovered from services and charged to the Corporate and Democratic Core.
- 3.9.3 Where internal charges are made they should be fixed to recover the full cost of services and may be set at a unit/volume based amount linked to demand, or as a reallocation of costs.
- 3.9.4 For most services, the service manager responsible for making the charge will develop a service agreement (either formally or informally) that outlines the service provided and establishes the basis of the allocation of costs. The

service standard should be agreed with the Council's Management Team.

- 3.9.5 The Chief Finance Officer will work with service departments to ensure that recharges are accurate and periodically reviewed to ensure that the basis of charge reflects work done and up to date service costs.
- 3.9.6 Some services operate as a fully traded service. In these cases, charges could be made on the basis of a Service Level Agreement (SLA). The SLA will specify the service to be provided and the charge to be levied and will generally be a volume based charge. SLAs must be published well in advance of the start of each financial year to enable customers to negotiate with providers if they wish.
- 3.9.7 Directors/Assistant Directors must have appropriate systems in place to support the charge- setting process, including the allocation of overheads.
- 3.9.8 Regard shall be had to the frequency and basis of charge to minimise the administrative costs involved in recharging.

#### 3.9.9 Key Controls

The key controls are:

- Clear and consistent internal charging strategy;
- Annual review of strategy and basis and level of charges with specific reference to Value for Money;
- Clear guidance on forming SLAs and service agreements;
- All charges should be considered as part of the Service Planning process.

### 3.10 RESERVES

- 3.10.1 Reserves are amounts set aside by the Council as a result of surpluses, deferred expenditure or policy decisions to 'save' towards future expenditure. Reserves can be either specific (earmarked) or general. For each reserve established, the amount, purpose and origin of funding must be clearly identified.
- 3.10.2 The levels and requirements for reserves are reviewed annually in setting the budget and in the context of the MTFP.
- 3.10.3 The establishment of new earmarked reserves is subject to approval on a case by case basis except where such a reserve (e.g. pension's reserve) is specifically required by statute or by CIPFA's Accounting Code of Practice.
- 3.10.4 New reserves will generally be approved by Corporate Policy & Resources Committee as part of the budget setting process or budget monitoring process and exceptionally by the Corporate Policy & Resources Committee as part of the accounts closure process on the recommendation of the Chief Finance Officer.

- 3.10.5 Contributions to reserves will be managed as a budgeted call on resources which could otherwise have been spent on services or taken to the General Reserve or used to reduce Council Tax. The timing and size of contributions will be considered in the context of the Council's MTFP and reviewed when each year's accounts are closed.
- 3.10.6 Earmarked reserves will generally fall into four categories:
- Trading account balances;
  - Time limited programmes and projects;
  - To meet specific risks of a non-insurable nature or self-insured risks;
  - To carry forward under spending (or overspending) as a ring fenced amount.
- 3.10.7 **Trading account balances** will be allowed where real or quasi trading accounts are used to manage costs. Balances will be maintained to allow flexible response to changes to demand and/or to meet defined future capital expenditure needs. Generally such balances should not exceed 20% of the annual turnover. Balances in excess of this limit should be returned to the General Reserve. See also the additional provisions in section 6.12.
- 3.10.8 **Time limited programmes** may be pre-funded by the establishment of reserves. Reserves will be useful where the pace of spending is difficult to predict and where the spend will run over a number of budget years. However, the creation of reserves causes an earlier call on the taxpayer than when the benefits of the programme are derived by the taxpayer. So pre-funding requires careful consideration of the benefits of the use of a reserve as against annual revenue budgets. It would be unusual for a time-limited programme running for more than 3 years to be pre-funded. Longer programmes might be managed by a reserve to which a consistent level of contribution was made annually but where spend fluctuated from year to year. In all cases the purpose of the reserve must be clearly established at the outset and the scope and cost of the programme defined to ensure the adequacy of the reserve.
- 3.10.9 **Reserves to meet specific risks or contingencies** should have regard to a reasonable estimate of the potential costs involved and should continue to be held only while the risk remains. They should be reviewed at least annually. The Insurance Reserve falls within this category being support for the Council's self-insurance programme and a contingency in respect of any past insurance claims yet to be settled.
- 3.10.10 **At each year-end the Council may determine that an under spending (or over spending) is carried forward for use by the service in which it arose in the subsequent year.** This may be because of a delay in implementing a revenue programme or because a commitment to a future payment exists but which does not meet the test of an accrual as a creditor, or establishment of a Balance Sheet provision. In each case the relevant

[Director/Assistant Director](#)~~Chief Officer~~, together with the Chief Finance Officer will establish the reasonable estimate of the under-spending and the amount carried forward [and approval of the Management Team will be sought.](#)

- 3.10.11 The Council may determine that a Service may retain part of a general under spending if the Council's financial situation does not require the sum to be returned to the General Reserve. The sum retained must be identified to a programme and for a one off purpose that does not give rise to any ongoing commitment. The Chief Finance Officer will consider each case and advise whether the purpose meets the test of being spending of a one-off nature.
- 3.10.12 In all circumstances a carry forward request must not be spent without the prior approvals as those required for virements.
- 3.10.13 Approval to use earmarked reserves will be subject to formal release by the Chief Finance Officer who will confirm that planned spending remains affordable when considering any mixed funding, including call on reserves, current budgets and/or external funding packages. The Chief Finance Officer shall have delegated power to approve spending of any earmarked reserve up to a value of **£50,000**. Spend in excess of this sum must have the approval of Corporate Policy & Resources Committee.
- 3.10.14 Monitoring of spending against reserves must be subject to periodic budget monitoring arrangements. Projected variances should form part of the periodic corporate budget monitoring arrangements.
- 3.10.15 The Council may close an earmarked reserve (except where there is a statutory requirement to maintain it) at any time and appropriate any remaining balance to the General Reserve.
- 3.10.16 Key Controls

The key controls are:

- The establishment and use of reserves must be authorised by the Chief Finance Officer;
- Reserves will only be established to meet a defined purpose;
- The level and requirement of each reserve is reviewed annually.
- Any spend in excess of £50,000 to be approved by Corporate Policy & Resources Committee.



## **4 REGULATION 4 - ACCOUNTING RECORDS**

### **4.1 ACCOUNTING RECORDS**

- 4.1.1 To enable reliance to be placed on financial management information all the Council's transactions, commitments, contracts and other essential accounting information must be recorded completely, accurately, on a timely basis and in corporately approved systems.
- 4.1.2 Any financial systems and records used within service areas that do not interface with the corporate financial ledger must be in a form agreed by the Chief Finance Officer and must be regularly reconciled to the corporate financial ledger by the relevant service manager.
- 4.1.3 Directors/Assistant Directors shall ensure supporting documentation is available as required by the Chief Finance Officer.

#### **4.1.4 Key Controls**

The key controls are:

- The primary record of accounting entries and approved budget is the financial ledger;
- Reconciliation procedures are carried out to the financial ledger to ensure transactions are correctly recorded;
- Original documents are retained in accordance with legislative and other requirements including compliance with the Council's Retention of Data Policy.

### **4.2 ANNUAL STATEMENT OF ACCOUNTS**

- 4.2.1 The Council has a statutory responsibility to prepare accounts that present accurately and fairly its operations during the year. This must be done in accordance with The Code of Practice on Local Council Accounting in the United Kingdom: (the Code) (CIPFA/LASAAC).
- 4.2.2 The Accounts will be produced within the statutory timescales.
- 4.2.3 Annually the Chief Finance Officer draws up a detailed timetable, guidance and instructions for final accounts preparation, approval and audit.
- 4.2.4 The timetable and guidance covers all areas relating to the closure of accounts, the deadlines by which each task should be completed and the format in which key information should be submitted. Directors/Assistant Directors shall ensure compliance with the timetable and guidance.
- 4.2.5 Key Controls

The key controls are:

- The Council's Statement of Accounts is prepared in accordance with proper practices as set out in the relevant codes of practice on local authority accounting in the United Kingdom;
- Clear and consistent advice and instructions are issued for dealing with all year-end processes, such as accruals, prepayments, treatment of year-end balances and analytical review;
- Accounts are kept up to date during the year, reconciliations are carried out on a regular basis, the revenue and capital budgets are compiled and monitored effectively and year-end processes are completed in accordance with the timetable issued;
- Year-end variances and balances are reported on within the parameters agreed with the external auditor;
- There is a clear policy for the setting up and maintenance of reserves;
- Comprehensive working papers are compiled and maintained.

#### **4.3 RETENTION OF ACCOUNTING AND FINANCIAL DOCUMENTS**

- 4.3.1 The retention periods shown in Appendix 2 represent the minimum number of complete financial years, i.e. excluding the current financial year.
- 4.3.2 This guidance refers to retention of both hard copy and electronic format. Retention in electronic format (e.g. document imaging or other electronic format) is to be encouraged wherever possible and subject to the agreement of appropriate authorities, such as External Audit and HMRC.
- 4.3.3 No documents or records should be disposed of until notification has been received from the External Auditor of the completion of the audit of accounts for the year to which the records relate. This fact should be confirmed with the Chief Finance Officer.
- 4.3.4 If in doubt, Internal Audit should be contacted for advice on specific cases.

### **5 REGULATION 5 - RISK MANAGEMENT AND RESOURCE CONTROL**

#### **5.1 RISK MANAGEMENT AND INSURANCE**

##### **Introduction**

- 5.1.1 It is essential that robust systems are developed and maintained for identifying, evaluating and controlling all of the operational risks to the Council on an integrated basis in accordance with the Council's Risk Management Strategy.

##### **Risk Management**

- 5.1.2 The Governance and Audit Committee is responsible for approving the Council's Risk Management Strategy and for reviewing the effectiveness of risk management. The committee is also responsible for approving the Council's Strategic Risk Assessment and for ensuring that proper insurance exists where appropriate. The committee discharging the Overview and Scrutiny function has the responsibility for reviewing and scrutinising the decisions made by and performance of Committees and officers to ensure that risk management has been applied and adds value and quality to decision making.

- 5.1.3 The Director of Corporate Services will produce an annual corporate risk assessment. The Director of Corporate Services is responsible for preparing the Council's Risk Management Strategy statement and for promoting it throughout the Council. The Chief Finance Officer is responsible for advising the Corporate Policy & Resources Committee on proper insurance cover where appropriate. Copies of the Council's formal Risk Management Strategy and Corporate Risk Register are available on the intranet.
- 5.1.4 Directors/Assistant Directors shall ensure the regular identification, review and management of risk within service areas having regard to advice and instructions from specialist officers. Risk champions shall be nominated within each service area to ensure these issues are progressed.
- 5.1.5 The Council's approach to risk management is that it should be embedded throughout the organisation at both a strategic and an operational level, through integration into existing systems and processes.
- 5.1.6 Directors/Assistant Directors are responsible for ensuring that the risks to achieving the aims in their responsible areas are assessed and managed and that risk registers are updated with current issues and reviewed through service area team meetings in accordance with the organisation's risk appetite. Risks and their control measures will be included within Service Delivery Plans and updated in quarterly performance reviews.
- 5.1.7 It is also the role of Directors/Assistant Directors to ensure that common themes for business and organisational failure (e.g. capacity, resources and prioritisation) are taken into account at a service and corporate level and reflected in risk registers, as they have an effect on achieving service and organisational aims.
- 5.1.8 Directors/Assistant Directors will also ensure that all relevant staff comply with the strategy and have the necessary level of training and competence. The Risk Management Code of Practice will be complied with and risks escalated to the Director/Assistant Director where a decision at this level is needed.
- 5.1.9 The Chief Finance Officer will make provision for losses that might result from residual risks, through external insurance or internal funding and negotiate all claims in consultation with other officers.

### **Insurance**

- 5.1.10 The Chief Finance Officer shall effect all those insurances falling within the framework of insurable risks and shall deal with all claims, in consultation with other Directors/Assistant Directors where necessary. This will also include negotiation of annual premiums, continually reviewing procedure and cover and ensuring that the Council has adequate cover against all potential risks.
- 5.1.11 The Council will determine which risks must be covered by external insurances or internal insurance provision. Other risks may be covered by insurance or carried by the service area involved at the discretion of the relevant Director/Assistant Director, having regard to advice from the Chief Finance Officer.
- 5.1.12 The Chief Finance Officer will keep an up to date list of all property including current insurance values. This list will be reviewed annually.

- 5.1.13 Each Director/Assistant Director shall immediately notify the Chief Finance Officer of all new risks, properties, vehicles and other assets or potential liabilities for which insurance may be required; and of any changes affecting existing risks or insurance cover required.
- 5.1.14 Directors/Assistant Directors shall notify the Chief Finance Officer in writing without delay of any loss, liability or damage or any event likely to lead to a claim and shall provide such information and explanations required by the Chief Finance Officer or the Council's insurers.
- 5.1.15 Directors/Assistant Directors shall ensure that all keys (for example safe, offices, vehicles, cabinets) are kept securely and a register maintained. In the event of a loss, they must immediately inform the Chief Finance Officer.
- 5.1.16 Directors/Assistant Directors may authorise payment of up to **£60** towards employees' personal property damaged while on the Council's premises or on the Council's business. Sums greater than £60 will require approval from the Chief Finance Officer and the Management Team.
- 5.1.17 Directors/Assistant Directors shall consult the Chief Finance Officer and the Monitoring Officer concerning the terms of any indemnity which they are requested to give on behalf of the Council.
- 5.1.18 Before entering into any arrangement involving a legal relationship, the Director/Assistant Director involved must ensure that the Council has adequate legal powers and where appropriate that there is adequate professional indemnity insurance to cover and minimise any risk to the Council and to those individuals involved (advice should be obtained from the Chief Finance Officer and /or the Monitoring Officer where necessary before proceeding).
- 5.1.19 The Chief Finance Officer shall review insurance requirements at each annual renewal date and as part of the re-tendering process at the end of the overall insurance contract period.

#### **Self-Insurance**

- 5.1.20 For some risks not covered by external insurance policies and as determined by the Council, the Chief Finance Officer will operate an internal insurance account and is authorised to charge the various Council service budgets with the cost of contributions to this account.
- 5.1.21 Risk Management is the responsibility of every Director/Assistant Director having regard to advice from specialist officers. In general, costs and losses not insured externally and not covered by the Council Fund will fall as a charge upon the budget of the service area to which the item relates. Also, claims for insured risks could result in increased levels of future premiums, and this emphasises the need for effective preventive measures against all risks.

#### **Business Risk Management**

- 5.1.22 Each Director/Assistant Director must assess all risks annually. The risk of not meeting corporate strategy targets should be evaluated and appropriate performance measures should be set for monitoring.
- 5.1.23 All risks should be recorded in the Corporate Risk Register, together with an

action plan to show how the risks are being monitored.

5.1.24 The management of risks at a cluster (People, Places, Policy & resources) level should be reported upon at least quarterly to the Management Team.

#### 5.1.25 Key Controls

The key controls are:

- 5.1.25.1 Procedures are in place to identify, assess, prevent or contain known risks, and these procedures are operating effectively throughout the Council;
- 5.1.25.2 The Council has adopted the Risk Management Strategy and processes to record all identified risks;
- 5.1.25.3 A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis;
- 5.1.25.4 Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
- 5.1.25.5 Provision is made in the accounts for losses that might result from the risks that remain;
- 5.1.25.6 The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources;
- 5.1.25.7 Acceptable levels of risk are determined and insured against where appropriate.

## 5.2 PREVENTING FRAUD AND CORRUPTION

- 5.2.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside of the Council.
- 5.2.2 The [Chief Finance Officer](#) ~~Monitoring Officer~~ is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.
- 5.2.3 The Monitoring Officer will also ensure that whistle-blowing procedures are in place and operate effectively, including regular reviews of staff training and takes account of the Public Interest Disclosure Act 1998.
- 5.2.4 The Council operates an anti-fraud and anti-corruption policy. A 'Whistle Blowing' policy supports the objectives of these policies. These, in conjunction with Councillor and Officer Codes of Conduct and registers of interest, including Register of Interest in which any hospitality or gifts accepted must be recorded, determine the overall policy of the Council with regard to prevention of fraud and corruption.
- 5.2.5 Any suspected irregularities should be reported to internal audit and, if necessary, the Chief Finance Officer, the Monitoring Officer, or the Head of Paid Service.

## 5.2.6 Key Controls

The key controls are:

- The Council has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption;
- Codes of conduct exist for Councillors and Officers and are regularly reviewed by the Standards Sub-Committee;
- A Register of Interests is maintained to enable Councillors and Officers to record any financial or non-financial interests that may bring about conflict with the Council's interests;
- A register of Gifts & Hospitality is maintained to enable Councillors and Officers to record gifts and hospitality either received, or offered and declined, from the Council's contractors and suppliers;
- Whistle blowing procedures are in place and operate effectively;
- An effective disciplinary procedure is in place in case of improper behaviour;
- The Anti-fraud and Anti-corruption Policy and the Whistleblowing Policy can be found on the intranet and internet.

## 5.3 GIFTS AND HOSPITALITY

5.3.1 Part 3 of The Constitution sets out the Council's Codes of Conduct for Councillors and for Employees on Gifts and Hospitality. These must be adhered to at all times.

5.3.2 A Register of Gifts & Hospitality is maintained by Democratic Services to enable officers to record gifts and hospitality either received, or offered and declined, from the Council's existing or potential contractors and suppliers.

### 5.3.3 Key Controls

The key controls are:

- Relevant Codes of Conduct must be adhered to at all times;
- Registers of gifts and hospitality must be maintained and kept up to date.

## 5.4 ASSETS

### 5.4.1 **Assets - Acquisitions and Disposals of Land and Buildings** [\(Freehold and Leasehold\)](#)

**Commented [TB4]:** Clarity of type of acquisition and disposal

5.4.1.1 Directors/Assistant Directors (including the Chief Finance Officer) may authorise an acquisition or disposal of land and buildings up to a value of **£75,000** (including leases or easements where the annual rent multiplied by the length of the lease does not exceed that figure assuming that the rent is not increased on review) which is an approved item in the approved Capital Programme.

5.4.1.2 Acquisitions or disposals between **£75,001** and **£250,000** are only to be undertaken following consultation with the Leader of the Council or the Deputy Leader if the Leader is not available.

5.4.1.3 Any proposed acquisition or disposal (regardless of value) must be subject to an independent valuation, preferably by the District Valuer or some other Royal

Institute of Chartered Surveyors independent valuer.

- 5.4.1.4 In all cases, acquisitions and disposals are subject to reference to Corporate Policy and Resources Committee by the appropriate Chief Officer with responsibility for areas of open space or land in the nature of open space if there is significant public interest in the preservation of the same. Where a sale is pursuant to Section 123 Local Government Act 1972, Section 32 Housing Act 1985 or or Section 25 Local Government Act 1988, consent to the Secretary of State may be sought as necessary.
- 5.4.1.5 In all cases, the acquisition, lease or disposal must be reported to the next available meeting of the Corporate Policy & Resources Committee.
- 5.4.1.6 Where transactions have not been approved within the Approved Capital Programme the prior approval of the Corporate Policy and Resources Committee is required.

#### **Assets – Security**

- 5.4.2 The Council holds assets and information in many different forms – property, vehicles, equipment and both computerised and other records.
- 5.4.3 Such assets and information as are required for service operations must be safeguarded, and the requirements of the Data Protection Act and Freedom of Information Act must be met.
- 5.4.4 Directors/Assistant Directors will:
- Ensure the security of all vehicles, buildings, stocks, stores, furniture, equipment, cash and information under their control;
  - Ensure that no asset or office system (for example internet access or the telephone system) is misused or subject to unauthorised personal use;
  - Ensure that maximum limits for cash holdings agreed with the Chief Finance Officer are not exceeded;
  - Ensure that keys to safes etc. are kept securely and any loss is reported promptly to the Chief Finance Officer;
  - Protect the Council's rights to intellectual property and ensure that private work is not carried out during the Council's time;
  - Ensure that documented and tested contingency plans for the security of assets and continuity of service in the event of a disaster or system failure are in place;
  - Should the Council be asked to give a guarantee or indemnity for any transaction, the relevant Director/Assistant Director should first consult with the Chief Finance Officer and the Legal Adviser.
- 5.4.5 The Chief Finance Officer maintains an up-to-date Asset Register. The Chief Finance Officer should be notified in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. In addition, the Authority will maintain records of all properties owned by the Council.
- 5.4.6 The Council's Director of Corporate Services shall have the custody of all title deeds, formal contracts and agreements under seal and be responsible for ensuring their safety.
- 5.4.7 The Chief Finance Officer shall be responsible for ensuring that a full

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revaluation of all Council properties is undertaken at least every five years.

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#### 5.4.8 Key Controls

The key controls are:

- Assets and resources are used only for the purposes of the Council and are properly accounted for;
- Assets and resources are available for use when required;
- Assets and resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits;
- An Asset Register is maintained for the Council - assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset;
- All officers are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation;
- All officers are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's information security and internet security policies;
- Proper security arrangements are in place for all buildings and other assets belonging to the Council.

#### **Assets – Inventories**

- 5.4.9 Mobile assets include portable computers, phones, radios, surveying equipment, vehicles and any other work related equipment held by staff outside the offices at any time.
- 5.4.10 Each Director/Assistant Director will nominate an officer with responsibility to maintain an inventory for all assets with a life expectancy of more than one year (including all mobile assets) whose single replacement value exceeds £500 including furniture, fittings and equipment. This must record description, value, date of purchase, expected life, and location.
- 5.4.11 All valuable and portable items (including computers, cameras, video recorders, mobile phones, portable projection equipment etc.) must be security marked as belonging to the Council and wherever possible kept securely.
- 5.4.12 No item shall be removed from the Council premises, except in the course of Council business, without the written authorisation of the Director/Assistant Director concerned.
- 5.4.13 Inventories must be checked at least annually to verify the details.
- 5.4.14 Any variations to inventory records must be reported to the relevant Director/Assistant Director and all variations over **£1,500** must be reported to the Chief Finance Officer.
- 5.4.15 The Director/Assistant Director to ensure officers sign a register to acknowledge custody and sign back in when returning the equipment. The Chief Finance Officer can offer advice when setting up a logging system.
- 5.4.16 An inventory of all computer hardware and software held by the Council will

be maintained, a copy of which must be provided to the Chief Finance Officer.

#### **Assets - Lost Property and Uncollected Goods**

- 5.4.17 Lost property, uncollected goods or unclaimed sums of money will be kept securely until they can be returned to a claimant or otherwise disposed of. Directors/Assistant Directors will ensure that this is carried out and that records are kept of such items and arrangements for their disposal.

#### **Assets - Stocks and Stores**

- 5.4.18 All Directors/Assistant Directors must ensure that they maintain adequate records and controls over stock movements. There is a cost of holding stocks and levels should always be kept at the minimum necessary to maintain the efficiency of the service.
- 5.4.19 Stocks and stores comprise the following categories:
- Goods or other assets purchased for resale;
  - Consumable stores;
  - Raw materials and components purchased for incorporation into products for sale;
  - Products and services in intermediate stages of completion;
  - Long-term contract balances;
  - Finished goods.
- 5.4.20 Directors/Assistant Directors will ensure that independent stock checks must be undertaken periodically and at least annually at year-end. All discrepancies should be investigated and pursued to a satisfactory conclusion. Evidence of the stock check is to be kept for audit verification purposes.
- 5.4.21 Any variations must be reported to the relevant Director/Assistant Director and Financial Services for the appropriate accounting entries to be done. All variations over [£1,500 must be reported to the Chief Finance Officer.](#)  
~~£1,500 must be reported to the Chief Finance Officer.~~
- 5.4.22 A certificate of stock must be issued promptly to the Chief Finance Officer as at 31 March in each year. Stocks must be signed by the appropriate Director/Assistant Director or budget holder and valued at the lower of cost and net realisable value.
- 5.4.23 The Chief Finance Officer is entitled to check stocks, if necessary requiring closure, after consultation and agreement with the Director/Assistant Director concerned.
- 5.4.24 All receipts and issues of stock must be properly recorded and accounted for in the Council's financial records.

#### **Assets – Intellectual Property**

- 5.4.25 Intellectual property is a generic term that includes inventions and writing. If these are created by the officer during the course of employment then they are the property of the Council. Examples include software and product development. These items are collectively known as intellectual property.

- 5.4.26 All contracts of employment, including those relating to temporary or consultants are to provide for intellectual property to be the property of the Council.

5.4.27 Key Controls

The key controls are:

- In the event that the Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Council's approved intellectual property procedures.
- Contracts of employment, including for the employment of temporary/consultancy staff, should include the provision that any intellectual property are the property of the Council.

**Assets - Compulsory Disposals**

- 5.4.28 Any sale or lease of land pursuant to the Right to Buy or the Right of Enfranchisement under the Housing Act 1985, the Leasehold Reform Act 1967 or the Leasehold Reform Housing and Urban Development Act 1993 [will be](#) subject to compliance with the statutory procedures.

**Assets – Disposal by Sale**

- 5.4.29 Surplus or obsolete goods, materials, and stocks with a value of £250 or more shall be disposed of by public tender, except when, in the opinion of the Director/Assistant Director of the Service concerned, the financial interest of the Council is better served by disposal by other means. This may include a public auction or offering the asset in part exchange. The Director/Assistant Director concerned shall prepare and certify a list of all items disposed of, showing the amount received. This will be reflected in the inventory, the asset register, and/or the stock account. The disposal of the asset should be fully documented.
- 5.4.30 Items with a value of less than £250 can either be disposed as indicated in 5.4.29 or may listed on the Councils Ebay page.
- 5.4.31 For disposals of land and property see the special provisions contained in 5.4.1.
- 5.4.32 Running costs for property declared surplus to requirement will transfer to the Property & Assets budget.
- 5.4.33 The proceeds of all sales of surplus or obsolete assets must be reported to the relevant Director/Assistant Director and all sales must be reported to the Chief Finance Officer who will arrange for the Councils Asset Register to be amended if appropriate.
- 5.4.34 Key Controls

The key controls are:

- Assets are disposed of in accordance with the Asset Management Plan;
- Disposal of assets is fully documented;

- The Councils Asset Register records the latest position;
- Annual stock valuation identifies obsolete stock.

### Assets – Disposal By Write Off

5.4.35 For the purpose of this section, assets also include write off of cash and income due to the Council.

[5.4.36](#) Write-offs may only take place as a last resort after all other economic/social solutions have been exhausted.

[5.4.365.4.37](#) The relevant Budget Manager may write off amounts up to £250 where irrecoverable.

[5.4.375.4.38](#) The relevant Director/Assistant Director in consultation with the Chief Finance Officer may write off Income, Stocks and Inventory deficiencies of up to **£2,500**.

[5.4.385.4.39](#) The relevant Director/Assistant Director in consultation with the Chief Finance Officer and the Chairman of the Corporate Policy & Resources Committee, may write off items over **£2,500** and under **£25,000**.

[5.4.395.4.40](#) Write offs of amounts over **£25,000** may only be written off by the Corporate Policy & Resources Committee after receiving a report from the Chief Finance Officer.

[5.4.405.4.41](#) A report must be submitted at least annually by the relevant Director/Assistant Director to the Chief Finance Officer, who will report annually on the overall level of write-offs as part of the Statement of Accounts process.

### [5.4.415.4.42](#) Key Controls

The key controls are:

- Specific write-off limits;
- Disposal of assets is fully documented;
- Annual stock valuation identifies obsolete stock.

## 5.5 TREASURY MANAGEMENT AND LEASING

5.5.1 The Council has adopted CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes 2017.

5.5.2 The Chief Finance Officer will create and maintain, as the cornerstone for effective Treasury Management:

- A Treasury Management Policy Statement (TMPS) stating the policies, objectives and approach to risk management of its treasury management activities;
- Suitable Treasury Management Practices (TMP) setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

5.5.3 The Chief Finance Officer will produce reports on its treasury management

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polices, practices and activities including, as a minimum, a report to Council on an annual strategy and plan in advance of the forthcoming year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

- 5.5.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Corporate Policy & Resources Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs, and the CIPFA Standard of Professional Practice on Treasury Management.
- 5.5.5 The Council nominates the Governance and Audit Committee to be responsible for ensuring the effective scrutiny of the Treasury Management strategy and policies.
- 5.5.6 All executive decisions on borrowing, investment or financing (including leasing) are delegated to the Chief Finance Officer who will act in accordance with the Council's agreed "Treasury Management Strategy".
- 5.5.7 The Chief Finance Officer must report any decisions on any borrowing undertaken to Corporate Policy & Resources Committee as part of the Treasury Management activities reporting process.
- 5.5.8 The Chief Finance Officer must report any debt rescheduling activity to Corporate Policy & Resources Committee as part of the Treasury Management activities reporting process.
- 5.5.9 The Chief Finance Officer is responsible for acting as the Council's registrar of stocks, bonds, mortgages, and to maintain records of all borrowing by the Council.
- 5.5.10 Directors/Assistant Directors are responsible for ensuring the prior approval of the Chief Finance Officer before leasing any assets.
- 5.5.11 Directors/Assistant Directors are responsible for ensuring that no loans are made to third parties or interests acquired in companies, joint ventures, or other enterprises without consulting the Chief Finance Officer and obtaining approval from Corporate Policy & Resources Committee.
- 5.5.12 The Council may, in accordance with its Treasury Management Strategy, invest in the following types of investment:
- Purchase of commercial property
  - Loans and guarantees etc. to third parties and subsidiaries
  - Ultra-short dated bond funds
  - Corporate Bonds - direct, passive and active external management
  - Property Funds
  - Equity Funds
  - Multi Asset Funds
- 5.5.13 All such investments shall be undertaken only in accordance with the Councils approved Treasury Management Strategy and adherence to the provisions contained in the strategy especially with regard to undertaking appropriate due diligence.

#### 5.5.14 Key Controls

The key controls are:

- Adopted CIPFA's Treasury Management in the Public Services Code;
- Created and maintained Treasury Management Policy Statement (TMPS) and Treasury Management Practices (TMP);
- Agreed Treasury Management Strategy for forthcoming year;
- Mid-year Treasury Management Update report;
- Reported performance within six months of the end of the year;
- An annually agreed Minimum Revenue Provision (MRP) Policy;
- The role of the Governance and Audit Committee.

### 5.6 STAFFING

- 5.6.1 The Head of Paid Service, in consultation with the Chief Finance Officer,, is responsible for determining how officer support for executive and non-executive roles within the Council will be organised.
- 5.6.2 The Head of Paid Service is responsible for providing overall management to Officers. He/she is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.
- 5.6.3 Directors/Assistant Directors should ensure that Officers are aware of their management responsibilities under the Financial Procedure Rules, Contract Procedure Rules, Declaration of Interests, Hospitality, Whistleblowing Policy, ICT Policies etc.
- 5.6.4 All officers are responsible for complying with the Council's Human Resources Policies to protect the Council against losses and minimise risk exposure.
- 5.6.5 The Executive Director of Resources is responsible for maintaining an approved list of officer posts (known as the Establishment List), which have been approved by or on behalf of the Council as being required to provide the Council with the services and advice, which it requires from time to time. Additions, amendments and deletions in relation to this list shall be kept up to date at all times.
- 5.6.6 Regular meetings shall take place between the Chief Finance Officer, Finance and Payroll to ensure that all records in relation to this Establishment List reconcile.
- 5.6.7 No appointments of permanent officers shall be made unless there is a post on the Establishment List for which current budgetary provision has been made.
- 5.6.8 The Establishment List shall not preclude the appointment of temporary or agency staff, or direct works employees in respect of which special budgetary provision is available.
- 5.6.9 Directors/Assistant Directors are responsible for controlling total staff numbers by:

- Advising the Corporate Policy & Resources Committee on the budget necessary in any given year to cover estimated staffing levels;
- Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.

#### 5.6.10 Key Controls

The key controls are:

- An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched;
- Procedures are in place for forecasting staffing requirements and cost;
- There is a process of performance review and identification of development needs;
- Training budgets are adequate to support agreed development needs.

### 5.7 **UNOFFICIAL NON-COUNCIL FUNDS**

5.7.1 An unofficial fund is one where the income and expenditure does not form part of the Council's accounts, but which is controlled wholly or in part by an Officer employed by the Council or a semi-autonomous body. Examples may include charity accounts or Trust Funds.

5.7.2 Unofficial funds may only be established by the Chief Finance Officer who will issue and update accounting instructions for them where necessary.

5.7.3 All unofficial funds must be properly accounted for and be subject to an independent annual audit (Council or other provider).

#### 5.7.4 Key Controls

The key controls are:

- They must be subject to an audit;
- They must be identified and recorded centrally;
- Normal accounting rules will apply.

### 5.8 **INTERNAL AUDIT**

5.8.1 The requirement for an internal audit function for local authorities is implied by the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit regulations 1996 (SI1996/590), Regulation 5, more specifically require that a "relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems". The Chief Finance Officer is responsible for providing an efficient and effective internal audit service to comply with the legislation and auditing best practice.

5.8.2 Accordingly, Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

- 5.8.3 The provision of a full Internal Audit service requires total accessibility to records and staff employed either by, or on behalf of, the Council.
- 5.8.4 Notwithstanding the Chief Finance Officer's responsibility for the review of the Council's systems, the actual responsibility for their correct form and operation lies solely and totally with service management. Internal Audit will review and comment on the operation of systems, but this does not constitute a control function and must not be relied upon as such. Conversely, the lack of an Internal Audit review or the failure by Internal Audit to identify a weakness or irregularity does not in any way act as an excuse or defence for its occurrence or non-detection by service managers.
- 5.8.5 Directors/Assistant Directors will consider internal audit reports and make an initial response within 15 working days of receipt. Any agreed recommendations will then be implemented. Any rejected recommendations will be reported to the Chief Finance Officer and Management Team.
- 5.8.5 Directors/Assistant Directors will inform the Chief Finance Officer of suspected fraud, corruption or other irregularities.
- 5.8.6 Directors/Assistant Directors will inform Internal Audit of all proposed changes to computer or other systems prior to implementing any changes.
- 5.8.7 The Executive Director of Resources will report to the Governance and Audit Committee on progress against the Internal Audit Programme.
- 5.8.8 Key Controls

The key controls are:

- It is independent in its planning and operation;
- The Audit Manager has direct access to the Head of Paid Service, all levels of management and directly to elected Members;
- Governance and Audit Committee will monitor progress against the Internal Audit Programme.
- Internal Auditors comply with the Auditing Practice Board's guideline: Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.

## 5.9 MONEY LAUNDERING

- 5.9.1 The Council's policy and practices with regard to the Money Laundering regulations (contained in the Proceeds of Crime Act 2002 as amended by Serious Organised Crime Agency and Policy 2005 and relevant Statutory Instruments, Terrorism Act 2000 as amended by Anti-Terrorism, Crime and Security Act 2001 and the Terrorism Act 2006 and relevant Statutory Instruments with regard to money laundering are contained in the Council's Treasury Management Practices (TMP) adopted as part of its Treasury Management Policy.
- 5.9.2 Schedule 9 of the TMPs set out the detailed approach to addressing the Council's requirements in respect of Money Laundering regulations specific to Treasury Management activity.



## **6 REGULATION 6 – ACCOUNTING SYSTEMS AND PROCEDURES**

### **6.1 ACCOUNTING SYSTEMS AND PROCEDURES**

- 6.1.1 The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. No changes shall be made to the existing financial systems or new systems shall be established without the prior approval of the Chief Finance Officer.
- 6.1.2 A complete audit trail, allowing financial transactions to be traced from the accounting records to the original document and vice versa, must be maintained.
- 6.1.3 Directors/Assistant Directors are responsible for the proper operation of financial processes in their own strategic service areas and for ensuring that their officers receive relevant financial training, approved by the Chief Finance Officer.
- 6.1.4 Lists of Authorised Officers, with specimen signatures and delegated limits will be provided to the Chief Finance Officer, together with any subsequent variations on a periodic basis. This includes all areas of the Council, including the outlying areas such as depots and sports facilities. Directors/Assistant Directors must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation and that officers are aware of their responsibilities under Freedom of Information legislation and information security generally.
- 6.1.5 The development, purchase and implementation of all ICT systems must conform to the Council's ICT Strategy.
- 6.1.6 All passwords must remain confidential.
- 6.1.7 All relevant software licenses employed by the Council should be held and identifiable. No software may be loaded onto the Council's computer equipment without the prior permission by the Chief Finance Officer.
- 6.1.8 Contingency arrangements, including back-up procedures, must be maintained for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- 6.1.9 Any service specific procedures should be followed by the service in question; any changes made to agreed procedures by officers to meet specific service needs should be agreed with the Chief Finance Officer. These procedures will incorporate appropriate controls to ensure that, where relevant:
- All input is genuine, complete, accurate, timely and not previously processed;
  - All processing is carried out in an accurate, complete and timely manner;
  - Output from the system is complete, accurate and timely;
  - There is an appropriate segregation of duties providing for adequate internal controls and to minimise the risk of fraud or other malpractice.

#### **6.1.10 Key Controls**

The key controls are:

- Basic data exists to enable the Council's objectives, targets, budgets

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and plans to be formulated;

- Performance is communicated to the appropriate managers on an accurate, complete and timely basis;
- Early warning is provided of deviations from target, plans and budgets that require management attention;
- Operating systems and procedures are secure;
- Data is backed up on a regular basis.

## 6.2 BANKING ARRANGEMENTS

- 6.2.1 The Council operates a number of bank accounts for the collection and payment of money. All receipts and payments of the Council are made through these accounts. Only the Head of Paid Services and the Chief Finance Officer can open bank accounts in the name of and on behalf of the Council. No officer of the Council shall open any bank (or equivalent) account without the explicit agreement of one of those officers.
- 6.2.2 The Chief Finance Officer will ensure that sound, adequate arrangements are in place for the safe and efficient operation of all the Council's bank accounts and will effect or cause to be effected proper and timely reconciliations.
- 6.2.3 All bank accounts shall bear an official title and in no circumstances shall an account be opened in the name of an individual, with the exception of the Returning Officers Account for election expenses.
- 6.2.4 Once an account is open, only the Chief Finance Officer can make arrangements concerning the Council's bank accounts. No overdraft arrangements will be permitted with the exception of corporate arrangements under the Treasury Management policy.
- 6.2.5 Financial Services will monitor the safekeeping and control of cheques.
- 6.2.6 Cheques on the Council's main banking accounts shall bear the signature (manuscript or facsimile signature) of the Head of Paid Services.
- 6.2.7 All cheques in excess of £10,000 must be manually countersigned by one of the other officers authorised on the bank mandate.
- 6.2.8 No cheques will be opened unless a satisfactory written explanation is given and must be authorised by an officer identified on the bank mandate and only on receipt of evidence of identification (e.g. passport etc.). (No written explanation is required for petty cash reimbursement).
- 6.2.9 All stocks of cheques must be held securely and stock records maintained to identify both issued and spoilt cheques.
- 6.2.10 The Chief Finance Officer will ensure that bank accounts are reconciled with financial records at least once in each month and any discrepancies identified and appropriate action undertaken.
- 6.2.11 The bank mandate should be reviewed at least annually and internal audit notified of any changes.
- 6.2.12 Consideration will be given to retendering the Council's banking service as a

minimum every five years.

6.2.13 The following duties, as far as possible, will be the responsibility of at least 2 separate officers;

- The checking of creditor accounts;
- The control of cheque forms;
- The preparation of cheques;
- The signature of cheques;
- The entry of cash accounts;
- The reconciliation of bank balances.

6.2.14 Key Controls

The key controls are:

- All cheques must be signed, either manually or by facsimile, by the Head of Paid Service.
- Cheques with a value of **£10,000** or more need to be countersigned.

Bank Accounts can only be opened by the Head of Paid Service or the Chief Finance Officer.

### **6.3 SALARIES, WAGES, PENSIONS AND OTHER EMOLUMENTS**

6.3.1 The Chief Finance Officer is responsible for all payments of remuneration and expenses to all employees or former employees, including payments for overtime and for payments of allowances to Councillors, to comply with Council's policy and national agreements.

6.3.2 All appointments will be made in accordance with the Council's approved policies.

#### **Payroll**

6.3.3 Effective controls are needed to ensure that payments are accurate, made only when they are due and comply with relevant conditions of service. The payroll data (currently provided by North Kesteven District Council) must be reconciled regularly with the general ledger.

6.3.4 All procedures dealing with starters, leavers, variations and enhancements must be rigorously adhered to and Directors/Assistant Directors must advise Human Resources promptly of all staffing changes, absences (other than approved leave), changes in remuneration and other relevant information or changes.

6.3.5 All officers must only be paid through the Council's or an authorised contractor's payroll system.

6.3.6 Directors/Assistant Directors will ensure that they follow the approved monitoring procedure for filling all vacancies.

6.3.7 The Officers' Code of Conduct is set out in Part 3 of the Council's Constitution.

### 6.3.8 Key Controls

The key controls are:

- Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to: starters, leavers, variations and enhancements;
- Payments are made on the basis of appropriately authorised timesheets or claims;
- Frequent reconciliation of payroll expenditure against approved budgets and bank accounts;
- All appropriate payroll documents are retained and stored for the defined period, in accordance with guidance issued by the Chief Finance Officer;
- All expenditure, including VAT, is accurately recorded against the correct service cost centre and any exceptions are corrected;
- Inland Revenue regulations are complied with.

### **Human Resources Arrangements**

6.3.9 The Executive Director of Resources must ensure that adequate arrangements have been made to notify the Payroll Officer of all the information required in terms of starters and leavers, amendments to working hours, pension arrangements and any other factor that can compromise the integrity of the Payroll service.

### 6.3.10 Key Controls

The key controls are:

- Payments are only made when there is a valid entitlement which can be proved if necessary;
- Conditions and contracts of employment must be correctly applied;
- Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness;
- Appointments, resignations, dismissals, suspensions, secondments and transfers should be recorded and reported in line with Human Resource policies.
- Records supporting absences from duty for sickness or any other reason, apart from approved leave must be supplied monthly to the Payroll Section.
- Changes in remuneration, other than normal increments and pay awards and agreements of general application, must be notified to the Payroll Section promptly.
- The Chief Finance Officer must maintain records for pension, income tax and national insurance.

## **6.4 CREDITORS AND DEBTORS**

6.4.1 The Chief Finance Officer is responsible for ensuring the operation and maintenance of effective systems for the payment of creditors and the collection of monies from debtors across the range of Council services.

## **6.5 CONTRACTS**

6.5.1 The full rules for contracts are contained in **CONTRACT PROCEDURE RULES** as contained in the Councils Constitution. These must be followed by all staff

in all procurements. Even the smallest purchases must be made in accordance with these rules and principles.

To summarise they are –

Goods and Services

up to £5,000	one written estimate/quotation (email included)
£5,001 - £30,000	two quotations
£30,001 - £75,000	three independent quotations (no group relationship) (RFQ)
£75,001 – EU threshold (£189,330)	four independent quotations (no group relationship) (RFQ)

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Note:

1. RFQ (Request for Quotation) is the Council's preferred method of undertaking procurement within the value thresholds as identified above. See Contract Procedure Rules section 8.2 for further details.

2. Contracts falling within the different categories of Goods, Services and the carrying out of Works have value thresholds placed on them by the EU. When the estimated value of an individual contract (cumulative value not annual expenditure) is likely to exceed EU thresholds, by law the Council must comply with the full EU procurement regime. Officers should seek advice from Procurement Lincolnshire.

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Includes similar types of process e.g. looking up from a catalogue.

Works contracts as above until

£189,330.00 - £4,733,252.00	Five independent quotations (no group relationship) or by advertisement
Over £4,733,252.00	full EU tender process (ITT)

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6.5.2 Payments will only be made on the written authorisation of the officer responsible for the contract. This officer will also give written authorisation for any extras or variations.

6.5.3 Payments made on instruction for construction and construction related contracts should be recorded in detail by the relevant Director/Assistant Director or Project Manager.

## 6.6 ORDERING

6.6.1 All orders/purchases of goods and services must comply with the Council's Contract Procedure Rules and Procurement Strategy.

6.6.2 No creditor shall be paid or debtor be invoiced other than through systems operated by the Chief Finance Officer or otherwise specifically approved by him/her. All orders (excluding those at 6.6.2) must be input to, authorised and produced from the Council's purchasing system or by using a Procurement

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- 6.6.3 Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies from public utility services, for periodical payments such as rent or rates, for petty cash purchases or such other exceptions as the Chief Finance Officer may approve. In cases of emergency, orders may be given orally and confirmed in writing. Official orders for work, goods and services shall be in a form approved by the Chief Finance Officer.
- 6.6.4 Orders (either paper based or electronic) can only be signed by officers authorised by the Director/Assistant Director concerned who is responsible for official orders issued from his service area. An up-to-date list of authorised officers, including specimen signatures identifying in each case the limits of their authorisation will be maintained by the Procurement Team and be readily available. Any changes will be notified to the Procurement Team by the Director/Assistant Director.
- 6.6.5 No order for work, goods or services can be given which will commit the Council to expenditure unless a budget exists to incur that expenditure.
- 6.6.6 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts.  
  
Any purchase of IT software or hardware (except consumables) must be made through the ICT Service.
- 6.6.7 A Director/Assistant Director may order goods to be supplied or work to be done by requisition on another service area on any occasion where more favourable terms are obtainable by this method than would be the case by direct ordering.
- 6.6.8 It may be advantageous for supplies to more than one service area to be ordered from one source, for example to take advantage of bulk purchasing. The Procurement Team will be able to assist with these instances and shall be responsible for co-ordinating the arrangements.
- 6.6.9 The signatory of the order must be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Value for money should always be obtained.
- 6.6.10 Goods and services must be checked on receipt to ensure they are in accordance with the official order. This check should, where practicable, be carried out by a different officer to the officer who signed the original order.
- 6.6.11 On receipt of goods, entries must be made in inventories or stocks records as appropriate.
- 6.6.12 Separation of duties at different stages of ordering and paying for goods should be in place.
- 6.6.13 All orders must be recorded, along with delivery and receipt of invoice.
- 6.6.14 No orders should be placed that will commit the Council to a loan, leasing or rental arrangement without the prior approval of the Chief Finance Officer and a Director/Assistant Director.

- 6.6.15 Open orders should only be used where unavoidable and with the permission of the Chief Finance Officer. In the situation where an open order has been issued e.g. for a call-off contract, the order must have a clear end date, which may be no later than 31<sup>st</sup> March following the date of issue.
- 6.6.16 Verbal orders lessen the control of the Council over expenditure and must be avoided wherever possible. Even if a supplier states that they do not require or want an electronic/written order, one should be produced and dispatched as standard. Unless there is a genuine reason e.g. for a standard utility supply, an order must always be issued.

## 6.7 PAYING FOR GOODS

- 6.7.1 Financial Services will provide an efficient payments service both by the regular weekly payment procedures and by urgent payment at any time. Unless in dispute, payments should be made within 30 working days and passed for timely payment.
- 6.7.2 Directors/Assistant Directors are responsible for ensuring that payments, on a proper VAT invoice, are certified. This certification indicates that –
- Works, goods or services have been received satisfactorily;
  - That expenditure has been properly incurred and is within budget provision;
  - Contract Procedure Rules (including EU regulations) and Financial Procedure Rules have been followed;
  - Prices and arithmetic are correct and accord with quotations, tender, contracts or catalogue prices
  - The invoice is coded correctly;
  - Discounts have been deducted where appropriate;
  - Orders, inventories and stores records have been marked or updated as necessary;
  - The invoice has not already been paid.
- 6.7.3 Payment must not be made on a photocopied or faxed invoice (unless the original invoice has been mislaid), a statement or other document other than the formal invoice.
- 6.7.4 Payments to suppliers should be by the most economical means (BACS transfer or CHAPS payment) for the Council. Direct Debit or Standing Orders may be used with the agreement of the Chief Finance Officer. Authorisation of the BACS/CHAPS files is required before submitting to the bank. This authorisation also includes for payments in excess of **£10,000**.
- 6.7.5 Certification of interim and final contract payments, checking, recording and authorising these payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub-contractors' tax status must be documented and agreed with the Chief Finance Officer.
- 6.7.6 No loan, leasing or rental arrangements may be entered into without prior agreement from the Chief Finance Officer and the Legal advisors. The agreement must also be authorised by a Director/Assistant Director.
- 6.7.7 No payment shall be made to any organisation in advance of goods or services being rendered to the Council except in instances of subscriptions, memberships, training courses etc.

## 6.7.8 Financial Services will:

- Monitor direct debits to ensure the correct amounts are paid;
- Monitor procurement cards to ensure their correct usage;
- Maintain up to date creditor records and payments history and be responsible for the running of the system;
- Ensure that the Council's responsibilities regarding prompt payment within 30 working days are monitored and met;
- Maintain an up to date list of authorised signatories including officers authorised to approve payments electronically or by procurement card;
- Ensure limits are reviewed and amended, if necessary, on a regular basis.

## 6.7.9 Directors/Assistant Directors must inform the Procurement Team of any changes, additions or deletions to the list of authorised signatories and provide specimen signatures.

6.7.10 Key Controls

The key controls are:

- All goods and services are requisitioned only by appropriate persons and are correctly recorded;
- Requisitions shall only be issued where budgetary provision exists to pay for the goods and services to be supplied;
- All goods and services shall be requisitioned in accordance with the Council's Contract Procedure Rules and Procurement Strategy unless they are purchased from sources within the Council;
- Goods and services received are checked to ensure they are in accordance with the requisition. Goods should not be receipted by the person who authorised the order;
- Payments are not made unless goods have been received by the Council, to the correct price, quantity and quality standards;
- All payments are made to the correct person/supplier, for the correct amount and are properly recorded, regardless of the payment method;
- All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with guidance issued by the Chief Finance Officer;
- All expenditure is accurately recorded against the right budget, any exceptions are corrected and VAT is recorded against the relevant VAT code;
- In addition, the use of e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

**6.8 CLAIMS FOR EXPENSES**

## 6.8.2 Councillors and officers may incur expenses in the course of their Council duties. Approved expenses will be reimbursed to the individual. Normally the need to incur expenses will be approved in advance and shall be incurred in the most cost-effective way.

## 6.8.3 All expense claims are to be submitted to Human Resources by the fifth working day of the month for inclusion in that month's payroll.



- 6.8.4 All payments for allowances etc. will be made through payroll.
- 6.8.5 Expense claims will only be paid on approved forms. Councillors also have specific claim forms for making claims. For officers these must be authorised by the claimant's line manager. For Councillors these must be authorised by the Monitoring Officer or other nominated officer.
- 6.8.6 All Councillors and officers submitting claims for expenses shall confirm that the claim is in respect of legitimate and authorised expenditure that has been incurred on Council business.
- 6.8.7 Certification by a line manager shall be taken to mean that the certifying officer is satisfied that those journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.
- 6.8.8 All car allowances will be paid through the Council's Payroll System. The use of procurement cards should be encouraged whenever rail travel is contemplated.
- 6.8.9 Officers are responsible for arranging appropriate motor insurance to cover any travelling on Council business. Human Resources may inspect an officer's driving licence or any other document relating to a vehicle which is used on Council business.
- 6.8.10 Each claim must be promptly submitted for payment and must be presented on a form clearly detailing the expenditure incurred, supported by VAT receipts where applicable, dated, coded, and signed by the claimant and counter signed by the appropriate authorising officer. Promptly is defined as monthly for large transactional or high value claims, or quarterly for small transactional or low value claims. In either case, all claims relating to a previous financial year must be presented to payroll for payment by the 10<sup>th</sup> April each year.

#### 6.8.11 Key Controls

The key controls are:

- Claims will only be paid in accordance with approved schemes;
- Claims must be made on official forms and correctly authorised.

### 6.9 **PETTY CASH/IMPREST ACCOUNTS**

- 6.9.1 Petty cash/imprest accounts facilitate minor, routine transactions, where raising an official order and processing an invoice through the Creditor system would be neither realistic nor cost effective.
- 6.9.2 Petty cash will be held at various sites but should only be used as a last resort if either the use of a Procurement Card, the Purchasing system or reclaim as expenses through payroll is not practical.
- 6.9.3 All petty cash/imprest accounts are arranged through the Chief Finance Officer, will be at a level agreed between the Chief Finance Officer and appropriate service Director/Assistant Director and will be reviewed annually.
- 6.9.4 Financial Services in conjunction with the Director/Assistant Director will approve any further petty cash advance during the year.

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- Up to **£50** can be paid out through the cash desk at the Guildhall or by another holder of petty cash.
  - Receipted VAT vouchers are required to back up claims.
  - Claims are to be signed by Authorised Officers only.
  - Internal audit will carry out spot tests on balances.
  - All cash holding will require a signed certificate, by the account holder, at the end of each financial year. These will be requested and received by Financial Services as soon as possible after the end of the financial year.
- 6.9.5 Payments relating to the following headings must not be made from petty cash/imprest accounts:
- Salaries or Wages;
  - Sub-contractors;
  - Officers' Travelling and Subsistence;
  - Fees to Individuals.
- 6.9.6 Directors/Assistant Directors can hold cash floats, following consultation with the Chief Finance Officer, strictly for the purpose of giving change and they will arrange for regular reconciliations.
- 6.9.7 Written records of variations must be kept. The Directors/Assistant Directors must account for the amount held as requested by the Chief Finance Officer and in particular on leaving the employ of West Lindsey District Council or otherwise ceasing to hold the cash float.
- 6.9.8 Items of a value of £50 or more must be purchased through the Council's purchasing system unless the Director/Assistant Director has agreed a different limit in consultation with the Chief Finance Officer.
- 6.9.9 Only the original advance and reimbursements will be credited to the account – no other income can be credited to a petty cash/imprest account. All income must be banked in accordance with the appropriate Financial Procedure Rule.
- 6.9.10 Each Director/Assistant Director will compile and maintain a schedule of all Officers who have been authorised to operate a petty cash/imprest account.
- 6.9.11 Officers operating a petty cash/imprest account must:
- Obtain and retain petty cash vouchers, showing full details of the payment vouchers to support each payment from the petty cash/imprest account;
  - Make adequate arrangements in their office for the safe custody of the account;
  - Produce, upon demand of the Chief Finance Officer, cash and all vouchers to the total value of the petty cash/imprest account;
  - Record transactions properly;

- Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the petty cash/imprest holder;
- Provide the Chief Finance Officer with a certificate of the value of the account held at 31 March in accordance with the timetable to be issued by the Chief Finance Officer;
- Ensure that the account is never used to cash personal cheques or to make personal loans and that payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made;
- On leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash/imprest advance, an officer shall account to the Director/Assistant Director for the amount advanced to him/her.

6.9.12 Vouchers must be:

- Authorised by the budget holder, or nominated representative, in advance of the purchase wherever possible;
- Signed by the person making the purchase or payment to acknowledge that they have received the amount shown on the voucher;
- Accompanied by an invoice/receipt other than in exceptional circumstances. Where appropriate this should be a valid VAT invoice/receipt.

6.9.13 A claim form must accompany every claim for reimbursement. In preparing the claim, it is important to ensure that:

- Properly certified vouchers and VAT invoices/receipts must be provided in support of every item included in the claim;
- Full details of the net cost, the VAT and the total paid are completed for every entry on the claim;
- Expenditure is accurately coded and all recoverable VAT has been taken;
- The total value, including bank account where applicable, is reconciled to the nominal amount of the petty cash/imprest account;
- All certifications are properly completed on the claim form by authorised signatories.

6.9.14 All non-computerised records relating to petty cash/imprest accounts shall be maintained in ink.

6.9.15 If circumstances arise where the amount of a petty cash/imprest account becomes excessive, the responsible officer shall make appropriate arrangements to pay the excess amount back to the Chief Finance Officer.

6.9.16 Every temporary or permanent transfer of a petty cash/imprest account from one officer to another shall be evidenced by the signature of the receiving officer. This will be either through a formal receipt or a document maintained for that purpose.

6.9.17 Key Controls

The key controls are:

- Petty Cash/Imprest Accounts can only be established with the approval of the Chief Finance Officer;
- An individual must be responsible for the operation, maintenance and

accounting of each imprest account.

## **6.10 INCOME AND CASH HANDLING**

- 6.10.1 The Chief Finance Officer is responsible for ensuring that adequate systems are available and are maintained, for the recording of all income by the Council.
- 6.10.2 It is the responsibility of every officer of the Council to ensure that all sums of money due to the Council are promptly invoiced or otherwise demanded and that all sums of money received are promptly paid into the Council's accounts.
- 6.10.3 Sums received should be held securely prior to being paid in.
- 6.10.4 Sums paid in should be correctly referenced and receipted during the day of receipt.
- 6.10.5 Sums received should be paid in fully intact with differences in excess of **£20** between actual cash and recorded cash being reported to the Chief Finance Officer.
- 6.10.6 There must be a clear separation of duties between the provision of information regarding sums due to or from the Council and the duty of collecting income or making payments;
- 6.10.7 Officers responsible for examining and checking the accounts or cash transactions shall not themselves be engaged in those transactions unless specifically authorised by the Chief Finance Officer.
- 6.10.8 Wherever possible, officers will secure payment in advance is made before a service is provided.
- 6.10.9 All income due to the Council must be processed accurately and securely through one of the primary income systems (e.g. NNDR, Council Tax, Debtors).
- 6.10.10 Official receipts, signed by an authorised officer, must be given on receipt of income.
- 6.10.11 All receipt forms, books, tickets etc. shall be in an official form. Income stationery should be stored securely. The security of stationery is subject to Internal Audit inspection.
- 6.10.12 The Chief Finance Officer must be provided with details relating to work done, goods supplied or services rendered or other amounts, to enable the sums due to the Council to be recorded correctly and to ensure accounts are sent out promptly.
- 6.10.13 Outstanding debts are to be pursued promptly, actively and appropriately. Service areas must assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf, including providing evidence in legal proceedings. It is understood that uncollected debts will be a cost to the budgets.

- 6.10.14 All income must be paid fully and promptly into the appropriate bank account in the form in which it is received. Income documents must be detailed enough to provide a complete audit trail to the Council's General Ledger.
- 6.10.15 All cash taken must be reconciled to till receipts and all deposited cash/cheques should be counted and verified.
- 6.10.16 At least two officers must be present when post is opened in service areas where income is regularly received so that money received by post is properly identified and recorded.
- 6.10.17 Adequate security arrangements must be in operation to safeguard all income against loss or theft and to ensure the security of cash handling. These arrangements to include the provision that all cash kept on the premises will be within the insurance limit of **£5,000**.
- 6.10.18 The value and quantity of outstanding debts will be regularly reviewed by reference to an aged debt report. Write-offs will only take place as a last resort after all other economic/social solutions have been exhausted. These are detailed under "Assets – Disposal by Write-off" under Financial Procedure Rule 5.4. I.e. the Chief Finance Officer can authorise write offs up to **£1,500** with further approvals being required in excess of this sum.

6.10.19 Key Controls

The key controls are:

- An approved Fees, Charges and Concessions Policy which is regularly reviewed;
- Correct procedures and the appropriate stationery ensure that income is collected from the correct person at the right time;
- Separation of duties within the income process;
- Effective action is taken to pursue non-payment within defined timescales;
- Formal approval process for debt write-off;
- All appropriate income documents are retained and stored for the defined period in accordance with guidance issued by the Chief Finance Officer;
- Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

## 6.11 TAXATION

- 6.11.1 The Chief Finance Officer is responsible for advising Directors/Assistant Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council. Any VAT or taxation queries should be directed to the Chief Finance Officer
- 6.11.2 The Chief Finance Officer is responsible for ensuring that adequate procedures are in place and adequate advice available to services so as to ensure that the Council is at all times compliant with the specific requirements of the various tax regimes which affect its operations and delivery of services.
- 6.11.3 The Chief Finance Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax

returns by their due date as appropriate. In appropriate circumstances (e.g. where part of this function may have been devolved to a partner organisation) the Chief Finance Officer will ensure compliance with the requirements of the particular tax regimes.

- 6.11.4 Financial Services will prepare the VAT return each month and the Chief Finance Officer will ensure appropriate checks are undertaken before the return is submitted to HMRC.
- 6.11.5 Financial Services will complete annually a partial exemption calculation. If it is thought that the 5% threshold could be breached monitoring will take place on monthly basis.
- 6.11.6 Major projects could have a significant VAT impact and advice should be sought from the Chief Finance Officer before tenders are let.
- 6.11.7 The Chief Finance Officer will authorise all relevant HMRC returns regarding PAYE or authorise the relevant payroll provider to make returns on behalf of the Council.
- 6.11.8 The Chief Finance Officer will provide details to HMRC regarding the construction industry tax deduction scheme.
- 6.11.9 The Chief Finance Officer will accommodate all compliance visits and make available all information required and requested by inspectors.
- 6.11.10 Each Director/Assistant Director will at all times conduct the financial arrangements of their services, with regard to taxation issues, in accordance with advice or instructions issued by the Chief Finance Officer and shall provide any related information or documents upon request.
- 6.11.11 All returns must comply with the relevant formats and timetables for submission.
- 6.11.12 All taxable transactions shall be identified, properly carried out and accounted for within stipulated timescales.
- 6.11.13 Officers shall be nominated by the Chief Finance Officer to take responsibility for taxation issues and liaison with agencies such as the HMRC.
- 6.11.14 Key Controls

The key controls are:

- Budget managers are provided with relevant information and kept up to date on tax issues;
- Budget managers are instructed on required record keeping;
- All taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
- Records are maintained in accordance with instructions;
- Returns are made to the appropriate authorities within the stipulated timescale.

**6.12 TRADING ACCOUNTS**

- 6.12.1 It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts throughout the Council.
- 6.12.2 Under the CIPFA Service Accounting Code of Practice, Councils are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. Accounts that merely recharge cost are referred to as holding accounts and are not subject to this part of the Financial Procedure Rules.
- 6.12.3 Trading accounts will only be established after seeking advice from the Chief Finance Officer.
- 6.12.4 Trading accounts are only applicable where the charge out of the account is not on the basis of cost.
- 6.12.5 A separate revenue account must be maintained for each trading account. This will show all relevant income and expenditure, including overhead costs. A financial report supporting the final accounts will be produced.
- 6.12.6 The same accounting principles will be applied to trading accounts as to other services.
- 6.12.7 Trading account balances will be allowed where real or quasi trading accounts are used to manage costs. Balances will be maintained to allow flexible response to changes to demand and/or to meet defined future capital expenditure needs. Generally such balances should not exceed 20% of the annual turnover. Balances in excess of this limit should be returned to the General Reserve.
- 6.12.8 Key Controls
- The key controls are:
- They must be maintained in accordance with proper accounting practices;
  - They must appear separately in the Annual Statement of Accounts.

**6.13 CREDIT/PURCHASING CARDS**

- 6.13.1 The Chief Finance Officer is responsible for the issue of Credit/Purchasing cards to senior officers of the Council, including setting merchant categories and card limits.
- 6.13.2 All Credit/Purchasing cards must be held securely. Card details and PIN numbers must not be disclosed other than for the purposes of using the card for payments. Cardholders will be held personally liable for any expenditure they cannot account for.
- 6.13.3 On a monthly basis, a record of card purchases shall be maintained by individual cardholders and reconciled to the card statement provided by the card issuer. This record should be passed to Finance for processing.
- 6.13.4 Credit/Purchasing cards shall only be used for authorised purchases. Under

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no circumstances shall they be used for personal expenditure, or periodic/direct debit payments.

6.13.5 No cash withdrawals are allowed and the card will block any attempts to do so.

6.13.6 In all circumstances every purchase with VAT will require a VAT receipt in order for the statement to be accounted for correctly.

6.13.7 Key Controls

The key controls are:

- The Credit/Purchasing cards have a monthly and individual transaction limit;
- The categories of spend are limited to the officers professional duties;
- They are reconciled each month by the cardholder and Finance.

**6.14 CHANGE FLOATS**

6.14.1 The Chief Finance Officer shall provide such change floats as he/she considers appropriate to officers of the Council to undertake their official duties.

6.14.2 Payments of any kind must not, under any circumstances, be made out of change floats. Any breach of this regulation may result in disciplinary proceedings taking place against the officer concerned.

6.14.3 If circumstances arise where the amount of a change float becomes excessive, the responsible officer shall make appropriate arrangements to pay the excess amount back to the Chief Finance Officer.

6.14.4 Every temporary or permanent transfer of a change float from one officer to another shall be evidenced by the signature of the receiving officer. This will be either through a formal receipt or a document maintained for that purpose.

6.14.5 Key Controls

The key controls are:

- Change floats can only be established with the approval of the Chief Finance Officer;
- An individual must be responsible for the operation, maintenance and accounting of each change float;
- No payments should go either in or out of the change float.



## **7 REGULATION 7 - EXTERNAL ARRANGEMENTS**

### **7.1 INTRODUCTION**

- 7.1.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

### **7.2 PARTNERSHIPS**

#### **General**

- 7.2.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Council is working in partnership with others – public agencies, private companies, community groups and voluntary organisations, and its distinctive leadership role is to bring together the contributions of the various stakeholders to deliver a shared vision of services based on user wishes.
- 7.2.2 The Council will mobilise investment, bid for funds, champion the needs of the area and harness the energies of local people and community organisations. The Council will be measured by what it achieves in partnership with others.
- 7.2.3 The main reasons for entering into a partnership are:
- The desire to find new ways to share risk;
  - The ability to access new resources;
  - To provide new and better ways of delivering services; and
  - To forge new relationships.
- 7.2.4 A partner can be defined as:
- An organization (private or public) undertaking, part funding or participating as a beneficiary in a project; or
  - A body whose nature or status gives it a right or obligation to support the project.
- 7.2.5 Partners participate in projects by:
- Acting as a project deliverer or sponsor, solely or in concert with others;
  - Acting as a project funder or part funder; and
  - Being the beneficiary group of the activity undertaken in a project.

#### 7.2.6 Partners have common responsibilities:

- To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- To act in good faith at all times and in the best interests of the partnership's aims and objectives;
- Be open about any conflict of interests that might arise;
- To encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- To hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature; and
- To act wherever possible as ambassadors for the project.

#### **Roles and Responsibilities**

7.2.7 The Prosperous Communities Committee is responsible for overseeing an effective partnership approach throughout the Council. The Prosperous Communities Committee is responsible for approving protocols, delegations, including frameworks to inform decisions around partnership engagement. The Prosperous Communities Committee is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

7.2.8 The Prosperous Communities Committee can delegate functions, including those relating to partnerships, to officers. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated, the Prosperous Communities Committee remains accountable for them to the full Council.

7.2.9 The Chief Finance Officer is authorised to form a partnership arrangement with a maximum value of work/services of £25k.

7.2.10 The Council has also approved an Approved Code of Practice (ACOP) for Partnerships. To that extent, guidance has been developed that sets out a number of considerations to be explored when:

- Entering into a partnership
- Reviewing the effectiveness of a partnership during its lifespan
- Exiting a partnership

Additionally, it is important that there is a corporate view of all partnerships. To enable this a partnership register has been created on Minerva to provide colleagues with a facility to record the partnerships they are involved with and to also provide visibility of the breadth of partnership working underway across the Council. Officers are required to comply with the Partnership ACOP and enter details of all approved partnerships into the Partnership Register.

7.2.11 Members and officers will represent the Council on partnership and external bodies in accordance with the Scheme of Delegation.

## 7.2.12 The Chief Finance Officer:

- Is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council;
- Will advise on effective controls to ensure that resources are effectively and efficiently employed;
- Will advise on project funding, including scheme appraisal, risk appraisal, resourcing and taxation, audit, security, control and accounting arrangements;
- Must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory;
- Must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

## 7.2.13 Directors/Assistant Directors:

- Are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies;
- Must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.
- Maintain a register of contracts entered into with external bodies;
- Comply with the provisions of the Partnership ACOP including registering the partnership details in the Partnership Register.
- Ensure a risk management appraisal has been prepared;
- Conduct and document an appropriate level of due diligence on the prospective partners;
- Ensure all agreements and arrangements are properly documented.

## 7.2.14 Partners will be expected to:

- Be aware of their responsibilities under the Council's Financial Procedure Rules and Contract Procedure Rules;
- Identify and assess risks;
- Appraise projects to assess viability;
- Communicate with relevant Council officers

7.2.15 Key controls

The key controls are:

- If appropriate, to be aware of their responsibilities under the Council's Financial Procedure Rules and the Contract Procedure Rules;
- Compliance with the Partnership ACOP.
- To ensure that risk management processes are in place to identify and assess all known risks;

- To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
- To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences; and
- To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution officers.

### 7.3 COMPANIES, JOINT VENTURES AND OTHER ASSOCIATIONS

- 7.3.1 The Council exercises an important community leadership role, helping to bring together the contributions of various stakeholders in discharging its statutory responsibilities for promoting and improving the economic, social and environmental well-being of the area.
- 7.3.2 In exercising this important role a Director/Assistant Director may feel that it is appropriate to discharge a service or provide a function through the formation of a new legal entity (company, joint venture or other association). A joint venture is a business entity created by two or more parties, generally characterised by shared ownership, shared returns and risks, and shared governance. The term joint venture covers 'vehicles' such as limited companies.
- 7.3.3 The relevant Director/Assistant Director wishing to form a new legal entity should consult with the Chief Finance Officer in all cases prior to setting up a new entity and no commitment, financial or otherwise, should be made until this consultation has been satisfactorily undertaken.
- 7.3.4 For the purpose of this regulation, the following types of external arrangements are covered:
- purchase of existing companies
  - investment in any company (whether by share, loan or grant)
  - creation of a new company or other entity
- 7.3.5 No agreement shall be entered into which commits the Council to additional expenditure or other financial risk without the prior approval of the Corporate Policy & Resources Committee and in conjunction with the Chief Finance Officer
- 7.3.6 The Council needs to have a clear understanding of its financial risk exposure of any external arrangement including, but not limited to, meeting any trading or other losses.
- 7.3.7 Where the Council is involved as a minority interest in any external company or other association that use their own finance systems, the arrangement must include an agreement on appropriate, robust financial governance control arrangements to the satisfaction of the Chief Finance Officer. In these circumstances the controls in these Financial Regulations should be used as a starting point for that agreement.
- 7.3.8 Where the Council has a controlling interest in any companies, joint ventures, or other associations it is important to understand that the Council has a statutory responsibility to prepare group accounts (subject to certain limitations) to recognise the collaborative association. In this regard there are two main areas impacting on the entity:

- A requirement to provide certain financial information (intercompany transactions and balances etc.) in a timely manner and at a time determined by the Council.
- The possibility of being subjected to additional scrutiny by the Councils external auditor, even where the entity has its own external auditor.

7.3.9 It would also be preferred that the accounting period and accounting policies are aligned with those of the Council.

7.3.10 In view of the importance of the above and the impact on the Council should the information not be forthcoming, these specific requirements shall be written into any agreement between the Council and the entity.

### **Roles and Responsibilities**

7.3.11 The Corporate Policy & Resources Committee is responsible for approving the creation of any new legal entity and appointments of directors or other statutory officers onto the Board of the entity together with the arrangements for equity shares.

7.3.12 The Chief Finance Officer must satisfy him/herself that the accounting arrangements for all company, joint ventures and other associations are proper and appropriate, including all audit and inspection requirements. He/she must also consider overall corporate governance arrangements and any legal and taxation issues when associations are arranged. He/she must ensure all known risks are appraised before creating new entities and any agreements should seek to ensure that VFM is obtained.

7.3.11 In conjunction with the Director/Assistant Director the Chief Finance Officer will carry out due diligence for any proposal to purchase an existing company so as to ensure the robustness of the proposal and mitigate any potential losses.

7.3.12 The Chief Finance Office is responsible for advising on the funding and financing of a project including:

- financial viability in current and future years.
- resourcing and taxation.
- audit, security and control requirements.

7.3.13 The Chief Finance Officer has authority to approve short term cashflow loans to subsidiary companies to a maximum of £50k.

7.3.14 The Chief Finance Officer should ensure that it is a condition of any collaborative arrangements where the Council has an interest in another entity that:

- governance arrangements meet specified minimum standards.
- the Council will have access to the information and explanations it needs for its own accounting purposes (and other aspects relating to control over its financial interests).
- data (including consolidation data) will be provided in a specified format and by a deadline.
- arrangements are in place for timely audit of the financial statements
- securing the appropriate audit opinion on the entity's financial information.

### 7.3.15 Directors/Assistant Directors are responsible for:

- In conjunction with the Chief Finance Officer carry out due diligence on any company purchase so as to mitigate any potential losses.
- carry out risk appraisal and risk management arrangements prior to entering into any arrangement.
- determining a means of communication in order for the Council to discharge any responsibility for compiling group accounts.
- notify the Chief Finance Officer in any changes to the Board members of the entity.
- keeping the Corporate Policy & Resources Committee appraised, at least annually, of the financial position of the entity and specifically where any change could involve the Council having to meet the cost of any losses or other liabilities. Should there be any significant concern at any point during the year then this should be reported immediately.
- ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Council;
- ensuring that all agreements and arrangements are properly documented.
- providing appropriate information to the Chief Finance Officer to enable relevant entries to be made in the Council's Statement of Accounts concerning material items.
- ensuring that for all instances of grant/loan funding there is:
  - i) proper consideration of the relevant interest rate payable agreed and approved by the Chief Finance Officer;
  - ii) in respect of loans a process of monitoring on at least a six monthly basis
  - iii) a written agreement is in place for any services provided to the entity by the Council.
- all grants/loans must have prior budgetary approval, typically through the budget process.
- aligning accounting policies, especially consideration of the cost implications of asset valuation.
- managing the impact of different year-ends, including practicalities of realignment.

### 7.3.16 Key Controls

The key controls are:

- In conjunction with the Director/Assistant Director, the Chief Finance Officer will carry out appropriate due diligence in relation to financial implications and of relevant parties associated with the entity.
- The Corporate Policy & Resources Committee is responsible for approving the creation of any new legal entity and appointments of directors or other statutory officers onto the Board of the entity.

- The prior approval of the Corporate Policy & Resources Committee, in conjunction with the Chief Finance officer, is required before any agreement is entered into.
- Directors/Assistant Directors will undertake risk appraisals and risk management arrangements prior to entering into any arrangement.
- On an annual basis the Corporate Policy & Resources Committee will be appraised of the financial position of the entity and specifically where any change could involve the Council having to meet the cost of any losses or other liabilities. Any financial concerns should be reported immediately.

#### **7.4 EXTERNAL FUNDING / GRANTS General**

- 7.4.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Funds from external agencies provide additional resources to enable the Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

##### **Bids for external funding**

- 7.4.2 Bids must be comprehensive and comply with relevant Council policies. If bids are successful then the grant works and administration must be properly undertaken to ensure no penalties are incurred.
- 7.4.3 All bids and claims must be signed by the Chief Finance Officer, through the use of a certification process.
- 7.4.4 Directors/Assistant Directors must obtain Management Team and/or Corporate Policy & Resources Committee approval, where appropriate, for any bids for new monies detailing the service and financial implications before grant applications are made.
- 7.4.5 Comprehensive project business cases must identify associated risks, internal budget provisions including matched funding and any resource implications.
- 7.4.6 The relevant Finance Business Partner must be involved in the preparation of all grant applications.

##### **Grant Claims**

- 7.4.7 Records supporting any claim, including interim and final claims, must be maintained and available and reconcile back to the Council's General Ledger.
- 7.4.8 All claims must be submitted in accordance with the terms and timetable of the grant.

## **Roles and Responsibilities**

7.4.9 The Chief Finance Officer and Management Team are responsible for:

- Ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts;
- Ensuring that match-funding requirements are considered prior to entering into agreements, and that these requirements are reflected in future revenue budgets;
- Ensuring that all audit requirements are met.

7.4.10 Directors/Assistant Directors are responsible for providing the Chief Finance Officer with all necessary information to enable the proper recording to be achieved. They have the responsibility for submitting any proposed grant funded projects to the Chief Finance Officer and/or the Portfolio Board/Corporate Policy & Resources Committee for their prior approval and they must also ensure that any conditions of grant funding are met and all the statutory requirements are complied with.

7.4.11 Directors/Assistant Directors will ensure that an appropriate level of due diligence is conducted and documented on the funding organisations and any associated project(s).

7.4.12 Directors/Assistant Directors will ensure that the project proceeds in accordance with the agreed plan and that all expenditure is properly incurred and recorded;

7.4.13 Key Controls

The key controls are:

- Before any arrangements for external funding are entered into, the project must be submitted to the Chief Finance Officer and or Portfolio Board/Policy & Corporate Resources Committee for approval;
- To ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements;
- To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full Council;
- To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood;

## **7.5 WORK FOR THIRD PARTIES**

7.5.1 The Corporate Policy & Resources Committee is responsible for approving the contractual arrangements for any work for third parties or external bodies with a value of more than £25,000

7.5.2 The Chief Finance Officer is responsible for approving contractual arrangements for any work for third parties or external bodies with a value of up to £25,000.

7.5.3 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a service team to maintain economies



of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

7.5.4 Proposals for working for third parties must be costed in accordance with guidance provided the Chief Finance Officer. Proposals must clearly be in the public interest and an appropriate level of due diligence must have been conducted and documented.

7.5.5 Work for third parties should not expose the Council to any additional liabilities.

7.5.6 Contracts must be drawn up in compliance with guidance provided by the Chief Finance Officer and Monitoring Officer.

#### 7.5.7 Key Controls

The key controls are:

- To ensure that proposals are costed properly in accordance with guidance provided by the Chief Finance Officer;
- To ensure that contracts are drawn up using guidance provided by the Chief Finance Officer and the Monitoring Officer, and that the formal approvals process is adhered to;
- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

## 8 **REGULATION 8 - ENVIRONMENTAL ISSUES**

### 8.1 **INTRODUCTION**

8.1.1 The Council operates a culture of waste minimisation. This covers not only waste products that require disposal, but also the waste in use of all resources generally.

8.1.2 All procurement in the Council is subject to the Contract Procedure Rules, Procurement Strategy, Procurement Manual and any other guidance which may be issued. Fundamental to good procurement is the need to achieve value for money. An optimum combination of whole life costs and quality (or fitness for purpose) to meet the Council's corporate and service level aims and objectives must be considered. These will include sound environmental practice. Further information can be found in the documents referred to above or from Financial Services.

8.1.3 Paper and storage space are both expensive and unnecessary paper usage is harmful to the environment. All officers are responsible for reducing paper use wherever possible and reducing the amount of paper that is stored. However, certain financial records do need to be retained.

8.1.4 The Chief Financial Officer will:

- Maintain a list of financial records and the duration for storage;
- Advise officers as required on the archiving of financial records.

8.1.5 Directors/Assistant Directors will:

- Retain records as required;
- Minimise the usage of paper within their service.

8.1.6 Key Controls

The Key controls are:

- All officers to be aware that printing is to be kept to a minimum;
- The introduction and monitoring of the agile working policy;

## APPENDIX 1

## SUMMARY OF FINANCIAL RESPONSIBILITIES

	<b>Council/ Corporate Policy &amp; Resources Committee</b>	<b>Head of Paid Service</b>	<b>Chair of Corporate Policy &amp; Resources Committee</b>	<b>Section 151 Officer ( Chief Finance Officer)</b>	<b>Directors/ Assistant Directors</b>
<b>Financial Planning</b>  Page 171	a) Approve policy framework and budget	a) Propose Corporate Plan to Corporate Policy & Resources Committee		a) Prepare a minimum of three years Financial Strategy b) Prepare Capital Investment Strategy and Asset Management Plan	a) Prepare Service Delivery Plans

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<b>Capital Programme</b>	<ul style="list-style-type: none"> <li>a) Approve a minimum three year capital programme</li> <li>b) Approve amendments to the capital programme.</li> <li>c) Approve capital schemes before commencement of work and upon completion.</li> </ul>	a) Emergency decisions in consultation with Chief Finance Officer	a) Approve amendments to capital programme in excess of £25k with Director/Assistant Director and Chief Finance Officer	<ul style="list-style-type: none"> <li>a) Prepare a minimum three year capital programme</li> <li>b) Approve amendments to capital programme up to £25k with Director/Assistant Director.</li> <li>c) Approve amendments over £25k with Director/Assistant Director and Chairman of Policy &amp; Resources Committee</li> <li>d) Report all changes to capital programme to</li> </ul>	<ul style="list-style-type: none"> <li>a) Complete outline capital bid forms</li> <li>b) Approve amendments to capital programme up to £25k with Chief Finance Officer</li> </ul>
<b>Capital Monitoring</b>	<ul style="list-style-type: none"> <li>a) Approve overspends of £10k or 20% of total project cost</li> <li>b) Note quarterly budget monitoring reports</li> </ul>			<ul style="list-style-type: none"> <li>a) Issue guidance on monitoring</li> </ul>	<ul style="list-style-type: none"> <li>a) Appoint Project Manager</li> <li>b) Notify Chief Finance Officer of expected slippage</li> <li>c) Notify Chief Finance Officer of overspends</li> <li>d) Report to CPR Committee on overspends of £10k or 20% of total project cost</li> </ul>

<b>Revenue Budget</b>	a) Approve a minimum three year revenue budget			a) Prepare overall budget	a) Prepare service budgets b) Review all fees and charges
<b>Revenue Monitoring</b>	a) Note quarterly budget monitoring reports b) Authorise use of grants over £50k.			a) Provide guidance on budget monitoring b) Provide financial information c) Authorise use of grants up to £50k.	a) Monitor budget and advise Chief Finance Officer if budget will exceed £10k.
<b>Virement</b>	a) Approve virements over £100k		a) Approve virements over £25k and up to £100k with Director/Assistant Director, Management Team and Chief Finance Officer	a) Approve virements up to £25k with Director/Assistant Director. b) Approve virements over £25k and up to £100k with Director/Assistant Director and Chairman of Corporate Policy & Resources Committee	a) Up to £25k with Chief Finance Officer
<b>Earmarked Reserves</b>	a) Approve spend in excess of £50,000.			a) Approve spend up to £50,000.	
<b>Write-Offs</b>	a) Approve write-offs over £25k		a) Approve write-offs over £2,500 and up to £25k with Director/Assistant Director and Chief Finance Officer	a) Approve write-offs up to £2,500 with Director/Assistant Director. b) Approve write-offs over £1,500 and up to £25k with Director/Assistant Director and Chairman of Corporate Policy & Resources Committee	a) Up to £2,500 with Chief Finance Officer
<b>Write Offs</b>	<a href="#">Budget Managers: Write offs of upto £250 where irrecoverable</a>				

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<p>Other</p> <p>Page 174</p>		<p>The Key controls are:</p> <ul style="list-style-type: none"> <li>• All cheques must be signed, either manually or by facsimile, by the Head of Paid Service;</li> <li>• Cheques with a value of £10,000 or more need to be countersigned .</li> <li>• Bank Accounts can only be opened by the Head of Paid Service or the Chief Finance Officer.</li> </ul>		<p>a) Authorise a partnership with a value of works/services of up to £25k.</p> <p>b) Approve arrangements for work for third parties or external bodies up to a value of £25k.</p> <p>c) Authorise short term cash flow loans to subsidiary companies of no more than £25k</p>	
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**APPENDIX 2****RETENTION OF ACCOUNTING AND FINANCIAL DOCUMENTS**

<b>Title</b>	<b>Retention Period – Complete Years</b>
Budget Working Papers	2
Capital & Revenue Budget Monitoring Files	3
Capital Strategy & Medium Term Financial Plan	6
Final Accounts Working Papers	6
Financial Ledger: - Final Summary - Cumulative Year End Detail - Other	Indefinite Indefinite 2
Grant Claim Records	6 or as specified by the awarding body
Journals	3
Leasing Records – vehicles, plant, equipment	3 (after termination)
Loans – Contractual documentation	6
Statement of Accounts	Indefinite
VAT: - Assessments - Claims - Records	12 6 6
Voluntary Fund Accounts	6
Other Documents e.g. official orders, receipts, paying in slips etc.	6
Payroll:  Employee personal records Payment data	  Indefinite 6

## **APPENDIX 3**

### **DEFINITIONS**

#### **APPOINTED**

#### **AUDITORS**

Independent external auditors procured by the

Council. **BUDGET**

A plan that matches spending with available resources. The budget is an authorisation for future expenditure and a base for controlling expenditure and income.

#### **BUDGET MANAGER**

The budget manager is whoever is responsible for a budget within a service.

#### **BUDGET PAGE**

The page in the Annual Budget Book that sets out the budget for a service

#### **CAPITAL EXPENDITURE**

Section 40 of the *Local Government and Housing Act 1989* defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account. Capital Expenditure includes:

- Acquisition or disposal of land, buildings and major items of plant, apparatus and vehicles;
- Construction of roads and buildings;
- Enhancement of land, roads and buildings.

In addition the Council usually regards any item below £10,000 as revenue.

#### **CIPFA**

Chartered Institute of Public Finance & Accountancy (CIPFA) is one of the leading professional accountancy bodies in the UK and has responsibility for setting accounting standards for local government.

#### **CONTINGENCY**

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.



## COST CENTRE

Any unit to which costs are assigned or allocated. A cost centre is the lowest level to which the Council's budget monitoring procedures usually apply although budget managers will monitor the income and expenditure within their costs centres at detail code level.

## ESTIMATES

The amounts expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either being prepared for the following years, or have been approved for the current year.

## FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, the collection of trade refuse, etc. The Council levies fees and charges in accordance with the corporate Fees, Charges and Concessions Policy.

## GENERAL LEDGER

The core of the Council's financial records. These constitute the central "books" of the system, and every financial transaction flows through the general ledger.

## NET EXPENDITURE

Total expenditure less specific service income.

## OFFICER

An employee of the Council or other person contracted to carry out functions where these Financial Procedure Rules apply.

## PROVISIONS AND RESERVES

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses that are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every Council must maintain as a matter of prudence.

## SERVICE

A cost centre or group of cost centres delivering a common function. The service is the lowest level of budget detail set out in the Budget Book.

## SLIPPAGE

Where actual expenditure on a project is less than the planned spend in a financial year. VALUE FOR MONEY (VFM)

A term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource, use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value.

## VIREMENT

The permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.

## FINANCIAL LIMITS

### APPENDIX 4

#### CONTRACT VALUES

##### Goods and Services

up to £5,000	one written estimate/quotation (email included)
£5,001 - £30,000	two quotations
£30,001 - £75,000	three quotations (RFQ)
£75,001 – EU threshold (£189,3302)	four quotations (RFQ)
over £189,330	full EU tender process (ITT)

##### Works contracts as above until

£189,330 - £4,733,252	Five quotations or by advertisement
Over £4,733,252	full EU tender process (ITT)

#### OTHER VALUES

Item	Notes	Amount
De minimis amount	Capital Expenditure	£10,000 and above
De minimis amount	Capital Receipts	£10,000 and above
Out-turn variation on a service budget.	Director/Assistant Director will immediately advise the Chief Finance Officer and Management Team of the situation, together with their proposed action to recover the position.	£10,000 and above

## Financial Procedure Rules

Virements – between cost centres under same Director/Assistant Director	With the approval of the Chief Finance Officer.  Virement to be minuted or otherwise documented.	No more than £25,000
Virements – between cost centres under same Director/Assistant Director	Can be approved by the relevant Director/Assistant Director, Chief Finance Officer and Management Team in consultation with the Chairman of Corporate Policy & Resources Committee. These virements should be minuted or otherwise documented.	Over £25,000 and up to £100,000
Virements – between cost centres under same Director/Assistant Director	Approved only by Corporate Policy & Resources Committee. They will be reported by the Director/Assistant Director, in such format as the Chief Finance Officer may prescribe.	Over £100,000
Virements – between cost centres under different Directors/Assistant Directors	Only when the relevant Directors/Assistant Directors and the Corporate Policy and Resources Committee Chairman are in agreement.	Same limits as shown above for virements between cost centres under the same Director/Assistant Director.
Virements of Unbudgeted Income or unused budgets	Are not authorised to be used without prior agreement of the Management Team. The Chief Finance Officer and Management Team may consider a report to the Corporate Policy and Resources Committee.	Over £5,000
Securing additional revenue resources (e.g. grants)	The Chief Finance Officer may authorise the use of those resources to finance additional revenue expenditure where the grant conditions require such. Where there are no such requirements the Chief Finance Officer may require the use of these resources to be approved by Corporate Policy & Resources Committee.	Less than £50,000
Securing additional revenue resources (e.g. grants)	Use to be approved by Corporate Policy & Resources Committee	£50,000 or more
Use of earmarked reserves	The Chief Finance Officer shall have delegated power to approve spending of any earmarked reserve. The CFO will confirm that planned spending remains affordable when considering any mixed funding, including call on reserves, current budgets and/or external funding packages.	Up to £50,000
Use of earmarked reserves	Only with the approval of Corporate Policy & Resources Committee.	Over £50,000

## Financial Procedure Rules

Acquisitions or disposals of land or buildings	The Chief Finance Officer may authorise acquisitions and disposals (including leases or easements where the annual rent multiplied by the length of the lease does not exceed that figure assuming that the rent is not increased on review) which is an approved item in the approved Capital Programme.	Up to £75,000
Acquisitions or disposals of land or buildings	Only following consultation with the Leader of the Council or the Deputy Leader if the Leader is not available.	Between £75,001 and £250,000
Variance to inventory	Report to relevant Director/Assistant Director	Up to £1,500
Variance to inventory	Report to Chief Finance Officer	Over £1,500
Variance to Stocks and Stores	Report to relevant Director/Assistant Director	Up to £1,500
Variance to Stocks and Stores	Report to relevant Director/Assistant Director and Chief Finance Officer	Over £1,500
Asset Write Offs (including cash, income, stocks and inventories)	Budget Manager: where irrecoverable The relevant Director/Assistant Director in consultation with the Chief Finance Officer may write off Income, Stocks and Inventory deficiencies	Up to £250 Up to £2,500
Asset Write Offs (including cash, income, stocks and inventories)	The relevant Director/Assistant Director in consultation with the Chief Finance Officer and the Chairman of the Corporate Policy & Resources Committee may authorise the write off.	Over £2,500 and under £25,000.
Asset Write Offs (including cash, income, stocks and inventories)	Write offs may only be written off by the Corporate Policy & Resources Committee after receiving a report from the Chief Finance Officer.	Over £25,000
Manual countersigning on cheques	All cheques must be manually countersigned by one of the other officers authorised on the bank mandate.	Over £10,000
Petty Cash	Items can be paid out through any holder of petty cash.	Up to £50
Purchases	Items must be purchased through the Council's purchasing system unless the Director/Assistant Director has agreed a different limit in consultation with the Chief Finance Officer.	Items of a value of £50 or more
Income and Cash Handling	Differences between actual cash and recorded cash being reported to the Chief Finance Officer.	Items over £20
Security of Cash kept on premises	Value of cash kept on premises to be within insurance limit.	Maximum of £5,000

Capital Monitoring	Council/Corporate Policy & Resources Committee approve overspends of total project cost	£10,000 or 20% of project cost
Capital Programme	Chief Finance Officer and relevant Director/Assistant Director approves amendment to Capital Programme	Up to £25,000
Capital Programme	Chair of Corporate Policy & Resources Committee, Director/Assistant Director and Chief Finance Officer approves amendments to Capital Programme	Over £25,000



## **APPENDIX A**

**(Draft Report for Annual Council)**

**May 2021**

**Subject: Annual Constitution Review 19/20 and 20/21 and Monitoring Officer's Annual Report covering the same period**

Report by:	Monitoring Officer
Contact Officer:	James O'Shaughnessy Monitoring Officer James.oshaughnessy@west-lindsey.gov.uk  Katie Storr Democratic and Elections Team Manager (Interim) 01427 676594 katie.storr@west-lindsey.gov.uk
Purpose / Summary:	<p>The purpose of the report is to present the 19/20 and 20/21 Annual Review of the Constitution and arising recommendations as considered by the Governance and Audit Committee on 13 April and recommended for approval.</p> <p>The report also includes an Annual Report from the Monitoring Officer for the period 19/20 and 20/21. The report aims to provide an holistic view of all governance associated matters.</p>

### **RECOMMENDATION(S):**

**Council are asked to accept the recommendation from the Governance and Audit Committee and**

- (1) note the outcome of the annual reviews detailed within this report;**
- (2) approve the amendments detailed throughout Section 2 of the report, including those detailed in Appendix 2 relating to the Planning**

**Delegation scheme be adopted and implemented with immediate effect;**

- (3) agree that the proposed amendments, raised through the review process, but which are not being progressed, detailed at Section 2.8 are not included;**
- (4) approve the appointments of Mrs Alison Adams, Mr Peter Walton, Mr Richard Harvey and Mr Andrew Middleton (Section 9);**
- (5) Note:**
  - the progress made with regards to the areas of work agreed for further development in the previous reviews (Section 5);**
  - the further planned work for 2021/22 (Section 6)**
  - the statistical data provided within the report in respect of the number, nature and outcome of Code of Conduct Complaints (Section 8); and**
  - the support offered to Parish Councils (Section 11);**
  - the use of the Council's RIPA powers during the period (section 13).**
- (6) acknowledge the interim decision making process(es) that have been in place during the COVID -19 Pandemic.**



## IMPLICATIONS

**Legal:**

The Council is required by law to prepare, and keep up to date, the Constitution.

**Financial : ref will be issued for Council**

There are only very limited financial implications as a result of making amendments to the Constitution; these costs can be met from existing budgets. These relate to the resources needed to make changes to electronic records and to the limited printing costs of producing amended pages for paper copies of the Constitution.

**Staffing :**

The Constitution sets out the manner in which staffing matters should be dealt with.

**Equality and Diversity including Human Rights :**

None arising from this report.

**Data Protection Implications :**

None arising from this report.

**Climate Related Risks and Opportunities:**

**None arising from this report**

**Section 17 Crime and Disorder Considerations:**

None arising from this report.

**Health Implications:**

None arising from this report.

**Title and Location of any Background Papers used in the preparation of this report :**

Annual Constitution Review 2018/19  
Effectiveness of Committees Surveys

<b>Risk Assessment :</b>
Failure to amend the Constitution to reflect changes could lead to a risk of legal challenge and reputational risk for the Council.

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

**Yes**

☐

**No**

**x**

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

**Yes**

**x**

**No**

☐

## 1 Introduction and Summary

1.1 The Council is required by law to prepare and keep up-to-date a Constitution which explains how the Council operates, how decisions are made and the procedures which are to be followed to ensure that these are efficient, transparent and accountable to local people.

1.2 Article 14 of the Constitution stipulates how such a review should be conducted namely:

- a) by observing meetings of different parts of the Member and Officer structure;
- b) by undertaking an audit trail of a sample of decisions;
- c) by recording and analysing issues raised with Monitoring Officer by Members, Officers, the public and other stakeholders;
- d) by comparing practices in this authority with those in comparable authorities, or national examples of best practice; and
- e) by undertaking a review of each committee's effectiveness.

1.3 As comprehensive reviews of the Constitution were undertaken in 2011, 2014 and 2017, and a large number of amendments were made to large sections of the document in 2018, a number of relatively minor amendments are being proposed as detailed at Section 2 of the report.

The Constitution has really been tested during the COVID-19 Pandemic, particularly in the early days and as Monitoring Officer, I consider it has performed well, already including many of the delegations an organisation would need to manage business on a day to day basis in an emergency, another reason to support minimal changes being made at this time.

1.4 On this occasion some amendments proposed throughout the review are not being proposed for progression; these are detailed at **Section 2.9** of the report together with the rationale.

1.5 As part of the last Annual Review considered by Council, Members agreed a list of associated work to be undertaken during the 2019/20 civic year namely:

- The role of the Overview and Scrutiny (O and S) Committee and further Training
- Review of the Policy Committees
- Member Development
- Members ICT
- Petition Scheme
- Review of Governance for Accountable Bodies

1.6 Section 5 of the report provides a brief update of the work which was undertaken and the arising outcomes over the 2 year period. Reviewing the role of the O and S Committee and the Petition Scheme has resulted

in some proposed amendments. These are contained in Section 2 of the report, alongside all other proposed amendments.

- 1.7 Section 6 details associated work planned to be undertaken during the 2021/22 civic year.
- 1.8 Section 7 of the report sets out the governance arrangements in place to manage Commercial and Economic Growth and Section 8 presents a data analysis of the number, nature and outcome of complaints received under the Code of Conduct, during the two year period.
- 1.9 Section 9 of the report asks Council to confirm appointments to a number of positions including vacancies on the Remuneration Panel, Governance and Audit Committee and an IP to assist the MO in dealing with complaints.
- 1.10 Section 11 details support the Monitoring Officer has provided to a number of Parish Councils to ensure they could continue functioning and Section 12 onwards details temporary governance arrangements which have been place during the COVID-19 Pandemic, an unprecedented time for Local Authorities.
- 1.11 Section 13 is a new addition and provides information in respect of the Council's Regulation of Investigatory Powers (RIPA) . This information has been included following a recent review of arrangements, with one of the Inspector's recommendations being that Members should receive at least annually the number of times the Council has used it powers.
- 1.12 Sections 7 – 13 make up the Monitoring Officer's Annual Report and aim to provide an holistic overview of all governance associated matters.

## **2. Proposed Amendments to the Constitution**

- 2.1 In reviewing the Constitution, the actions detailed at 1.2 above have been undertaken using a variety of methods including: -
  - a) attending a variety of Committee Meetings in order to review proceedings;
  - b) collating feedback from stakeholders and interested parties, including that received in formal complaints or alleged breaches of the Code, whether upheld or not;
  - c) seeking the views of Senior Officers and Team Managers who work within the Constitution;
  - d) surveying Members as to the effectiveness of the Committees to which they are appointed;
  - e) reviewing other "fourth-option" Councils' Constitutions;
  - f) holding workshops to focus on particular matters; and
  - g) responding to matters raised through motions and questions to Council.
- 2.2 This has resulted in several, mainly minor amendments having been made throughout the document, primarily to Parts IV and V.

- 2.3 The review also prompted comments relating to the way in which the Public Participation at Planning Committees is operated. Whilst this document sits outside of the Constitution, the proposed amendments have been included within the report and the amended leaflet is attached as Appendix 1 to the report for approval – Section 2.6 provides further detail and rationale.
- 2.4 Arising from the feedback received/issues identified the following additions/amendments are proposed to come into immediate effect.
- 2.5 The Table below, and following sections, set out the main proposed amendments for consideration along with the rationale for each.

TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
*	Part IV (Terms of Reference O and S Committee ) – page 17	<b>REMOVE</b> the footnote relating to membership restrictions	Arising from reviewing the committee's working's during 19/20 – Section 5 provides full details
*	Part IV (Terms of Reference O and S Committee ) – page 17	<b>AMEND</b> current function No.9 by <b>ADDING</b> the words “and acting as the ‘horizon scanning’ Committee for the Council, bringing matters which will have effect to the attention of the relevant Policy Committee at the earliest opportunity so they considered as part of Policy Development.	To support the O and S Committee to fully fulfil its role and to increase the emphasis on engagement with 3 <sup>rd</sup> parties.
*	Part IV (Terms of Reference O and S Committee ) – page 17	<b>REMOVE</b> current function No. 8 relating to service plans and budget plans.	To support the O and S Committee to fully fulfil its role and to increase the emphasis on engagement with 3 <sup>rd</sup> parties.
*	Part IV (Terms of Reference O and S Committee ) – page 17	<b>ADD</b> the words “limited to twice per year” to current function No. 6 which relates to pre-scrutiny.	To support the O and S Committee to fully fulfil its role and to increase the emphasis on engagement with 3 <sup>rd</sup> parties.  Methodology to be amended to align
*	Part IV (Terms of Reference O and S Committee ) – page 17	<b>REMOVE</b> the words “relate to the Forward Plan” and <b>ADD</b> the words “limited to one per year” to current function No.2 in relation to reviews selected by committee.	To support the O and S Committee to fully fulfil its role and to increase the emphasis on engagement with 3 <sup>rd</sup> parties.  Also allows the Policy Committee's to determine to a greater degree a work programme that supports Corporate Objectives.  Methodology to be amended to align

TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
	Appendices – Appendix 15 Petition Scheme	<b>AMEND</b> in line with Appendix 5.	Clarity. The thresholds have not been amended but are now in a much clearer format to understand.
	Part IV (Council Procedure Rules) Page 12	<b>ADD</b> new 15.3.1 as follows “On occasion it may be necessary for discussions to be recorded in the absence of a Democratic Services Officer. However no decisions or votes will be taken in the absence of such an officer”	At request of Chair of Governance and Audit. Providing clarity around what should and should not be undertaken in the absence of democratic support.
	Part IV (Officer Employment Procedure Rules) Page 140 – 142)	A footnote be added to set of rules as above.	This is primarily the Committee, which will find itself in this position, therefore by repeating the requirement within the procedure rules it uses, this will embed the requirement.
	Part V (Rules of Procedure – Council Procedure Rules) – page 14	The following paragraph be <b>ADDED</b> to para 23.1. “Attendance at such training will be monitored and Group Leaders will use the attendance stats in determining who it recommends for such roles.”	Improve the Chairing skill of members and strengthen the constitutional requirements around Chairmen/Chairing – this change has been requested by elected members
	Part IV (Responsibility for Functions – G and A Cttee Terms of Ref) Page 7	The following function be <b>ADDED</b> to the Committee’s Terms of Reference “to review the number of working groups in existence, their role and terms of reference at least once per election cycle, making recommendations to Full Council prior to their Annual Meeting.”	Improved Governance – Concerns have been raised through this review that working groups may not always be operating within their agreed remits or fulfilling the role originally intended. This would ensure working groups remain fit for purpose.
	Part V (Rules of Procedure – Council	The following footnote be <b>ADDED</b> to function 1.3 (f) “ A Committee may have no more than two-Vice Chairmen”	Requested through the review by Chair of G and A.

TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
	Procedure Rules) - Page 1		
	Part II – Article 2 (Elected Members) Page 5	The following sentence be <b>ADDED</b> to paragraph 2.7 – Conduct. “The Council has also adopted the International Holocaust Remembrance Alliance (IHRA) definition of Anti-Semitism, as a clear message that anti-Semitic behaviour will not be tolerated”.	Commitment made at Full Council to include reference to Anti-Semitism and in response to letter from the Minister for HC&LG
	Part III – Codes and Protocols – content page	The following footnote be <b>ADDED</b> “The Council has also adopted the International Holocaust Remembrance Alliance (IHRA) definition of Anti-Semitism, as a clear message that Anti-Semitic behaviour will not be tolerated”.	Commitment made at Full Council to include reference to Anti-Semitism and in response to letter From the Minister for HC&LG
	Part III – Codes and Protocols – Page 27 Onwards – Local Code of Corporate Governance	The Local Code of Corporate Governance be <b>REMOVED</b> from the Constitution	This document is often reviewed on a different timescale to the Constitution and is therefore often out of date. A simple link will be included within Section 3 the Constitution advising the Council has a Local Code of Corporate Governance, this ensures the document remains up to date and its inclusion in full is considered essential for the Constitution document.
	Part 6 (Members Allowance Scheme) Page 11	<b>ADD</b> in Humber Strategy to list of approved duties and remove the LEP	Housekeeping to reflect up-to-date list of outside body appointments
	Part 6 (Members Allowance Scheme) Page 10	<b>REMOVE</b> paragraphs 16 and 17 as they are a repeat of paragraphs 13 and 14	Housekeeping



TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
	Part IV (Responsibility for Functions – Rem Panel Terms of Reference	The first bullet point note <b>be AMENDED</b> to read as follows “ the Panel shall comprise no less than four members and no more than 6”	To reflect current practice. Legal opinion is that four will suffice and 5/6 can be difficult to recruit to. Currently running IRP at 4 Members This amendment allows flexibility.
	Part IV (Responsibility for Functions – S151 page 36 )	<b>NEW function be added “ To make purchases in accordance and within the limits of the Council’s Commercial Investment Strategy</b>	This delegation was agreed back in 2016 but has not been cross referenced in the Constitution.
	Part IV (Responsibility for Functions – G and A Committee page 9 )	<b>AMEND</b> current function (c) 4 - approving payments.... The following be <b>ADDED “ above £2,500 “ “Compensation Payments in general are delegated to Officers”</b>	Officers have some level of delegation regarding compensation payments as detailed in the Corporate Scheme of Delegation . This note is to clarify that it is only is a function of G and A Cttee when it relates to the LGO and that smaller payments can be made without approval as previously agreed by the Governance and Audit Committee.
	Part IV (Responsibility for Functions – Scheme of Corporate Delegation page 53)	The Note be <b>AMENDED</b> as follows” Compensation arising from LGO Complaints totalling less than £2,500 can be approved by the S151 Officer and must be reported to G and A for information.	Ensures the scheme of corporate delegation and the committee’s terms of reference stay in line. G and A Committee have previously agreed this threshold
	Part IV (Responsibility for Functions – Monitoring Officer page 37)	<b>NEW FUNCTION NO.3 be added as follows “ to source appropriate Independent Resource to undertake the function of IP in accordance with the Localism Act , in consultation with the Chairman of the Governance and Audit Committee, when a vacancy arises suddenly,</b>	Councils are recommended to have 2 IPS to undertake the functions as set in Localism Act (relating to Code of Conduct Complaints). When an IP resigns there is a period where it is difficult to function with only one IP and recruitment can take

TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
		until such time as a formal appointment is made” Limits on delegation temporary for 9 months	time. This delegation will allow the MO (in consultation) to seek resources from a pool or shared service arrangement in the interim period. The delegation is being suggested as temporary whilst consideration is given to whether the recruitment procedure needs amending.
	Part V (Rules of Procedure- Council Procedure Rules)	Paragraph 9.1 (c) be <b>AMENDED</b> as follows “a question on any matter in relation to which the Council has powers or duties, <b>or in the case of Motions, affects the District.</b>	Questions to Council take the form of a question followed by an answer – the effect the District’s element when applied to a question, results in almost any question being accepted, however answering them without proposing action can be difficult. Matters which affect the District should be dealt with by Motions.
	Part V (Rules of Procedure- Council Procedure Rules)	Paragraph 9.4 (a) be <b>AMENDED</b> to include the words or” in the case of a motion affects the District	This amendment brings in line the paragraph to reflect the change above.
	Part V (Rules of Procedure- Council Procedure Rules)	Paragraph 9.4 – Rejection of Questions – <b>new grounds be added as follows: - “(h) the question names an individual member or Group” and (i) the use of Council resources for such a matter is questionable”</b>	Both of these requirements already stand, however they not all included in one consolidated place – this amendment brings clarity
	Part V (Rules of Procedure- Council Procedure Rules)	Paragraph 9.1 (c) has a link to the Public Question Time at Council Meeting. This leaflet to be updated to include the same criteria applied to Councillors at 9.4	Through operation of the scheme this year it has become apparent that the requirements for Members of council and the public are slightly out of kilter, for example members of the public could currently ask questions about individual

TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
			Members. This amendment brings clarity and ensures the two schemes are on a par.
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 48)	The Assistant Director Column be ticked for function 1.5 – “carry out consultation with the workforce trade union for changes in work practices etc .....	This function will be undertaken by Ads who have full responsibility for staff within their service.
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 52)	The sub note in 7.4 be amended to read this delegation only applies when directors of Ads are carrying out the role of “ <b>Strategic and Tactical Commanders</b> ” as opposed to Strategic Commander as currently stated.	Better reflects the role being undertaken by Ads
	Part IV Responsibility for Functions – AD for Commercial and Operational Services page 40)	<b>NEW function 8 be added</b> – “to alter the approved fees and charges at the Crem for a limited period of time taking into account circumstances at any given time (following consultation with the Chief Finance Officer)”	The AD has similar delegation for both markets and the TAC allows some flexibility to deal with changing circumstances more rapidly – no new fees can be approved through this delegation.
	Part IV Responsibility for Functions –All Management Team General Delegations - page 28)	The following legislation be added to list displayed at 17: - <ul style="list-style-type: none"> <li>Localism Act 2011</li> <li>The Assets of Community Value (England) Regulations 2012</li> </ul>	These two bits of legislation cover various statutory functions and decision making we have to undertake for community rights and neighbourhood planning – and should be included for completeness.
	Part IV – Responsibility for Functions – Director of Corporate Services – page 38	Functions 7 and 8 – relating to ERO and RO be moved to the Chief Executive	Agreed by Council in March due to current post holder leaving.
	Part IV Responsibility for Functions – Scheme of	The CFO be ticked for function 10.3 – “allowing exemptions to Contract Procedure Rules “	Should be a function of the Chief Finance Officer as well as C Exec

TABLE OF PROPOSED AMENDMENTS FOR INCLUSION			
Ref	Section /Page Ref*	Amendment required	Reason for Amendment
	Corporate Delegation page 55)		
	Part IV Responsibility for Functions – Scheme of Corporate Delegation page 59)	Function 16.4 – determining and responding to request under GDPR and DPA – All Officer columns need to be ticked and the note needs to read following advice from the DPO	Historic Drafting error
	Part IV Responsibility for Functions – Planning Committee Delegation page 12)	<b>REMOVE</b> bullet “conservation area consents”	Conservation Area Consents” no longer exist, so can be deleted – only <i>planning permission</i> is now required to demolish a building in a conservation area.
	Part IV Responsibility for Functions- AD Planning and Regeneration (page 42	<b>REMOVE</b> “conservation area consents” from delegation 1 and <b>REPLACE</b> with “demolition in conservation areas”	As above

## 2.6 Responding to Motions and Questions and Consultation

2.6.1 As referenced at 2.1 changes made during the Annual Review are driven by a number of factors including responding to questions and motions. This last two year's has seen some changes proposed directly as a result of this. The following sections deal with these.

2.6.2 As inferred at 2.3, the review in 19/20 also prompted comments relating to the way which in the Public Participation at Planning Committee is operated. This matter was also the subject of a formal question posed at Council in [November 2019](#).

2.6.3 A previous review introduced the requirement for any WLDC Councillor who had addressed the Committee in a Ward Member capacity to withdraw from the Council Chamber after their verbal submission. This additional requirement was originally included in response to complaints, which had been received, and was to protect against the perception of influence.

2.6.4 However, since its introduction it has not proved popular amongst the elected Member core, often being a cause of contention. Officers have re-assessed the risk to decision making and reviewed other authorities' participation schemes and are happy its removal is justified.

2.6.5 The proposed amendments are detailed in the table below and the amended leaflet featuring track changes, to easily identify the amendments, is attached at Appendix 1 for approval. In effect, these amendments return the practice to its previous form, allowing Ward Members to remain within the room having addressed Committee. **The requirement for Ward Members to register to speak in advance still remains – and has become an absolute necessity whilst meeting virtually .**

Change required	Reason for Change
<b>Removal of the wording</b> standing advice to all WLDC Members would be to leave the Chamber for the remainder of the debate on the item they have spoken on.	The risk to decision making is low and this has been a cause of contention unnecessarily.

2.6.6 In recent times, the elected member core, have expressed dissatisfaction at the way the public participation scheme is applied to **Councillors, therefore it was intended that the scheme as a whole, including the timings applied would be revisited during 20/21. Unfortunately this work has not progressed. This matter is therefore referenced in Section 6 (Associated Work Planned to be undertaken during the 21/22 year)**

2.6.7 There was also a motion to Council in [November 2019](#) in which a Councillor expressed concern regarding this matter and the delegation scheme in general. This motion was supported and as a result a further commitment was made to review the delegations.

2.6.8 Planning Delegations is a matter which generally is raised through any consultation held with Parish Councils, the most recent such consultation being that on the Parish Charter.

2.6.9 The Authority had planned a series of training events throughout 2020, aimed at Parish Council's and their understanding of the planning process, and it had been hoped that these would help develop a common understanding of the process and help reduce any confusion and ultimately complaints. Due to the COVID 19 Pandemic this has not been feasible and the sessions were cancelled. However given the need for this training and the likelihood that restrictions will remain to some degree this work schedule will re-commence during 2021/22 with a total of 7 sessions planned as follows.

- 21 April
- 2 June
- 28 July
- 29 September
- 24 November
- 9 February 2022
- 23 March

## 2.7 Amendments to Scheme of Delegation to Support Parishes

2.7.1 Having met with the Senior Planning Officers in February 2020 to discuss this matter, the amendments shown in red in Appendix 2 are proposed for inclusion.

2.7.2 It should be noted that objections from a Parish Council itself could already refer applications to the committee, as shown underlined in Paragraph 1 (a) on Appendix 2.

2.7.3 However, in addition to the above mentioned provision, and concerns previously raised it is considered to open it up further to Parish Councils to expressly request a "call-in" where they are concerned there is a conflict with their neighbourhood plan. The wording at (new) 1(b) in red on Appendix 2 aims to facilitate this additional provision **and is recommended for adoption**

2.7.4 This in effect now gives Parish Councils, with a Neighbourhood Plan the same access to call-ins as Ward Members.

2.7.5 It is acknowledged that Councillors have raised concerns that there is a perception, "community views" are not heard or given enough weight.

2.7.6 Delegations can be a matter of interpretation, and again having met with the senior planning Officer, and spoken with the Assistant Director of Planning and Regeneration, as Monitoring Officer I am confident that in recent times these delegations are being interpreted in a much more customer friendly manner.

2.7.7 The statistics below show the number of referrals made as a result of direct calls-in / referrals during 19/20 and 20/21, when compared to 18/19 year, as an improving picture.

2.7.8. From April 2019 to March 2020, the Planning Committee considered 33 applications across 10 meetings. Of these 18 had Parish Council objections / representations against them. During 20/21 the Planning Committee considered 45 applications across 11 meetings. Of these 27 had Parish Council objections / representations against them

2.7.9 On average, in 2019/20 there were 1.8 applications per meeting with Parish Council representations (see table below)

(Please note that some applications were considered at more than one meeting i.e. Application No.140077 was considered at both the January and February meetings.)

TABLE 1

<b>April 2019-March 2020</b>			
<b>Committee Date</b>	<b>Applications with Parish Council objections</b>	<b>Total No. of apps</b>	<b>No, of apps with PC objections</b>
4 <sup>th</sup> March 2020	Meeting cancelled	n/a	n/a
5 <sup>th</sup> February 2020	140077 (Glentworth); 140331 (Sturton by Stow).	5	2
8 <sup>th</sup> January 2020	140180 (Sudbrooke); 140077 (Glentworth); 140003 (Nettleham).	5	3
11 <sup>th</sup> December 2019	140180 (Sudbrooke), 139839 (Osgodby); 140128 (Osgodby); 140042 (Nettleham).	4	4
13 <sup>th</sup> November 2019	n/a	2	0
16 <sup>th</sup> October 2019	139520 (Scotton).	2	1
18 <sup>th</sup> September 2019	Meeting cancelled	n/a	n/a
21 <sup>st</sup> August 2019	139558 (N Kelsey support – officer recommendation to refuse)	1	1
24 <sup>th</sup> July 2019	Meeting cancelled	n/a	n/a
26 <sup>th</sup> June 2019	139024 (Burton).	3	1
29 <sup>th</sup> May 2019	138812 (Brattleby); 137950 (Bardney).	4	2
1 <sup>st</sup> May 2019	136577 (Gainsborough).	2	1

3 <sup>rd</sup> April 2019	138971 (Blyton); 136577 (Gainsborough); 138477 (Grasby),	5	3
<b>TOTAL</b>		<b>33</b>	<b>18</b>

TABLE 2

On average, in 20/21 there were 2.45 applications per meeting with Parish Council representations (see table below)

<b>April 2020-March 2021</b>			
<b>Committee Date</b>	<b>Applications with Parish Council objections</b>	<b>Total No. of apps</b>	<b>No, of apps with PC objections</b>
1st April 2020	Meeting cancelled	n/a	n/a
29th April 2020	139532 (Langworth); 140375 (Sturton by Stow); 140513 (Osgodby)	6	3
27th May 2020	Meeting cancelled	n/a	n/a
17th June 2020	140416 (Hemswell); 140545 (Scotton)	4	2
22nd July 2020	140851 (Gainsborough); 140707 (Tealby); 140986 (Blyton Carr)	5	3
24th August 2020	140938 (Nettleham); 141032 (Nettleham); 140754 (North Owersby); 141128 (Hemswell); 139840 (Lea)	5	5
16th September 2020	141174 (Glentworth)	1	1
14th October 2020	141263 (Saxilby); 141442 (Tealby); 141429 (Grasby); 141348 (Welton)	6	4
11th November 2020	n/a	3	0
9th December 2020	141447 (Sturton by Stow); 141637 (Scotton)	7	2
6th January 2021	141017 (Gainsborough)	2	1
3rd February 2021	141033 (Bardney); 142065 (Nettleham); 142148 (Sudbrooke)	3	3



3rd March 2021	141128 (Hemswell); 140156 (Dunholme); 141907 (Waddingham)	3	3
<b>TOTAL</b>		<b>45</b>	<b>27</b>

2.7.10 From April 2018 to March 2019, the Planning Committee considered 37 applications across 12 meetings. Of these 18 had Parish Council objections / representations against them.

2.7.11 On average, there were 1.5 applications per meeting with Parish Council representations. (Please see table below)

(Please note that some applications were considered at more than one meeting i.e. Application No.137326 was considered at both the April and May meetings.)

<b>April 2018- March 2019</b>			
<b>Committee Date</b>	<b>Applications with Parish Council objections</b>	<b>Total No. of apps</b>	<b>No, of apps with PC objections</b>
6 <sup>th</sup> March 2019	138660 (Waddingham).	5	1
6 <sup>th</sup> February 2019	n/a	1	0
9 <sup>th</sup> January 2019	138494 (Nettleham).	4	1
12 <sup>th</sup> December 2018	137789 (Blyton); 138145 (Snitterby – object, recommendation to refuse).	4	2
14 <sup>th</sup> November 2018	136826 (Cherry Willingham & Fiskerton)	3	1
17 <sup>th</sup> October 2018	138180 (Fiskerton) (note: application withdrawn); 137950 (Bardney)	4	2
19 <sup>th</sup> September 2018	138157 (Cherry Willingham)	1	1
22 <sup>nd</sup> August 2018	Cancelled	n/a	n/a
25 <sup>th</sup> July 2018	137511 (Bigby)	2	1
27 <sup>th</sup> June 2018	137443 (Caenby); 136962 Lea Crematorium (Lea & Knaith)	2	2
30 <sup>th</sup> May 2018	137531 (Nettleham); 136604 (Caistor); 137532 (Saxilby)	4	3

2 <sup>nd</sup> May 2018	137326 (Burton); 135868 (North Kelsey); 137057 (Cherry Willingham)	4	3
4 <sup>th</sup> April 2018	137326 (Burton)	3	1
<b>TOTAL</b>		<b>37</b>	<b>18</b>

2.7.12 As an aside, across England 95%, of planning applications are dealt with under delegated powers. West Lindsey currently determines 96% of its applications in that way and therefore is considered to be in line with national performance, with no further amendments currently considered required.

2.7.13 It should also be noted that West Lindsey allows for a 28 day consultation period on Planning Applications, when the statutory requirement is only 21 days.

2.7.14 There is a commitment from the Planning Team that when an application is refused under delegated officer powers the decision notice will include full reasoning.

2.7.15 It is also worthy of note the improved customer focus which has been applied in this area following a change in management. This alongside the proposed training package, referred to above, is hoped will begin to counteract any negative perceptions which currently exist.

2.7.16 It will never be feasible for all applications to be submitted to Committee simply because a Parish Council feels they should be. There will always be a requirement for objections to be related to material planning consideration, or to focus on why the application is against approved Policy. By sharing our training with Parishes and ensuring some sessions focus on just this matter it is hoped Parishes will feel better informed as to how they can influence decisions.

## 2.8 Dealing with Questions and Motions

2.8.1 Through the course of the 20/21 Year whilst dealing with both Questions/ Motions from Councillors and the Public it has become apparent that the criteria for acceptance at times can be cumbersome. Furthermore, there are exemptions applied to Councillors, which are not repeated in the Public Scheme. A number of suggestions have been made in the Table at 2.5 to rectify this situation.

2.8.2 The suggested amendments, it is hoped, also support differentiating between questions and motions. A question should be put and answered and should not lead to direct separate action. Motions on the other hand should seek the Council to take action.

## 2.9 Amendments considered but not put forward for inclusion

2.9.1 As referred to in Section 1.4 above, on this occasion some amendments proposed throughout the year have not been proposed for progression.

2.9.2 The table below sets out amendments which have been proposed but which are not intended to be implemented, together with the rationale.

TABLE OF PROPOSED AMENDMENTS NOT TO BE INCLUDED		
Proposed Amendment	Source of Request	Rationale for Non Inclusion
To introduce a mechanism whereby if a planning application is referred to the Planning Committee as a result of a Parish Council "call-in" in the event that the Parish Council do not attend the Planning Committee at which the application is being heard, the application should be removed from the agenda and dealt with in accordance with the Officer recommendation.	Elected Member	Whilst this matter has been considered and arguably something could be included in the scheme of delegation to this effect. Administratively this would be difficult to implement. Also this does arguably give Parish Council's a greater degree of say. There could be other speakers registered against an application and they could be left feeling their right to speak has been removed because of the actions of a Parish Council. <b>As an alternative it will be made clear through communications etc. that there is an expectance of attendance by the Parish Councils should they request a call-in.</b>
Adoption of a Parental Leave policy for Elected Members	Motion to Council on <a href="#">4 November</a>	This matter has been considered at briefings of the Governance and Audit Committee. This matter is already covered by legislation and the Council therefore already has the power to grant Councillors leave from their mandatory requirement to attend meetings etc. for any reason they so agree including the right to remuneration. <b>Therefore no separate policy for a specific leave reason is considered necessary</b>
Working Groups – being allowed to make replacement appointments	Elected Member	It was requested that there be a regulation within the Constitution that if there is repeated non-attendance at a Working Group then that Working Group should be permitted to seek a new appointment. Working Groups are not decision making, nor do they establish their own membership. This matter could be dealt with by each Working Group's terms of reference. The amendment suggested above to the G and A Cttee Terms of Reference, should address this in the first instance.
HPS permitted to move Meetings	Officers	The HPS already has a number of delegations around cancelling meetings for a variety of meetings. It is not considered appropriate to extend these delegations. The LGA 1972 is very clear that the Council

		should have a schedule of agreed meetings. When meetings have needed to be moved the mechanisms currently in place have been deemed satisfactory and offer transparency (cttee have to approve the change)
A request to reduce the role of the Editorial Board and bring Comms issues more under the Leader's remit as 'Lead Spokesman'.	Leader	The role, remit and existence of the Editorial Board would be a matter for a separate report at Annual Council (working groups report). Having reviewed the Leader's Job Description – Appendix 3 of the Constitution – there are already multi references to the Leader being the lead spokesman, politically, corporately and with stakeholders. No further amendments considered necessary.

### **3 In Year Changes to Contract and Procurement Procedure Rules and Financial Procedure Rules – for Approval by Governance and Audit Committee**

- 3.1 The Governance and Audit Committee are delegated to make any changes to the Contract and Procurement Procedure (CPR) Rules and the Financial Procedure Rules (FPR) between Annual Councils.
- 3.2 The Governance and Audit Committee approved amended Contract and Procurement Procedure (CPR) Rules and Financial Procedure Rules (FPR) at their meeting on 13 April 2021 ([link to report](#)). Full rationale for any amendments made was also included within that report.
- 3.3 These must then be reported up to Full Council, for noting, as Part of the Annual Review and are presented at Appendix 3 and 4.

### **4. Amendments required as a result of changes to the Management Structure.**

- 4.1 The Chief Executive in consultation with the Chairman of the Governance and Audit Committee was granted delegated Authority to confirm the final version of the scheme of delegation in June 2020, prior to it being presented to Council for Approval.
- 4.2 This work was completed in December 2020 and reported to Council in January 2021. Since then, Council will be aware that the former Director of Corporate Services has left the organisation and a New Assistant Director for People and Democratic Services has been appointed.
- 4.3 As a result, delegations previously assigned to the former Director will need to be re-aligned; some to the new Director others to existing Officers. One section of the Constitution which is fundamentally

changed as a result of this change in management structure is the scheme of Officer Delegation. (Contained within Section 4 – Responsibility for Functions)

- 4.4 Due to these changes not being “transformational” in nature, rather a re-alignment of duties they have not been listed within this report, but will be applied in the next published version of the Constitution. The Monitoring Officer does have delegated authority to make housekeeping amendments of this nature.

## **5 Progress made with regards to those areas of work agreed for further development in the previous reviews**

- 5.1 As detailed at Section 1.6 and 1.7 of the report as part of the last Annual Review undertaken Members agreed a list of associated work to be undertaken during the 2019/20 civic year.

- 5.2 This Section provides a brief update on the progress which was achieved during 2019 /20 and if relevant 2020/21 also

### **5.3 The role of the O and S Committee and further Training.**

- 5.3.1 As a result of the initial review undertaken regarding the role of the Scrutiny committee, a number of changes were agreed at Annual Council in May 2019 including restrictions on the committee membership.

- 5.3.2 The redesigned Operating Methodology was adopted at the meeting in June 2019 with the aim of clarifying the role of the committee and highlighting each route of scrutiny.

- 5.3.3 Members of the Committee were offered the opportunity to attend a scrutiny workshop, presented by the external auditors, with further focus on the role of scrutiny within the council. Attendance at the East Midlands Councils Scrutiny Conference was also facilitated for the Chairman, Vice Chairs and Lead Officer.

- 5.3.4 There has been a continued focus on the role of effective scrutiny at West Lindsey, particularly given the recommendations enacted from May 2019.

- 5.3.5 There were several matters brought to the attention of the Monitoring Officer regarding the functioning of this Committee during 19/20, and the effectiveness of committees survey responses received were concerning.

- 5.3.6 These previous amendments have not proved wholly successful (for example, the limitations on Membership have at times led to low numbers attending the Overview and Scrutiny meetings as there have been no substitution options available), and the change in name seems to have had little impact on the committee’s effectiveness. **As detailed**

**in Section 2 of the report it recommended that this membership restriction be lifted.**

5.3.7 Given the fairly unique circumstances of being a fourth option council, and therefore without the legal requirement to retain a scrutiny committee, it is essential that the committee addresses aspects of work that would not otherwise be dealt with in any of the other committees.

5.3.8 Whilst this has been the case for some meetings in 2019/20, with the visits from Lincolnshire Police and the Environment Agency, it is anticipated that this role could be extended, and the scrutiny of external agencies and partners (ideally connecting via a topic linking to the Corporate Plan) should be the focus for 2020/21. The already agreed reduced reporting on performance and delivery will also provide additional capacity for this external focus.

5.3.9 Some minor tweaks to the terms of reference **have been recommended in Section 2** of the report, to support the Committee to fully fulfil its role and to increase the emphasis on engagement with 3<sup>rd</sup> parties, and further provision can be made within the Committee's Operating Methodology to support this ethos. However given the recent Peer Review also raised the role of the Committee as a matter which the Authority should give further consideration to and determine clarity around, no fundamental changes are being proposed at this time.

5.10 The View of the Governance and Audit Committee at the conclusion of 19/20 was that the role and functioning of the Committee continued to require refinement as supported by the Peer Review findings.

5.11 However, given the impact of the global pandemic leading to the Committee being cancelled between March and October 2020, there has been little opportunity to assess whether the Committee's functioning has improved. Although the effectiveness of committee survey responses were more positive.

5.12 The Operating methodology for 2020/21 was amended to support a more external looking approach, for example by reducing the number of internal pre-scrutiny items permitted and introducing a requirement to approve a theme connected work plan, separate to any other function within the council at earliest opportunity each civic year.

5.13 The O and S Committee have been making greater use of informal workshops and tasking groups. The annual report for 2020/21 can be viewed here  
<https://democracy.west-lindsey.gov.uk/documents/s23833/OS%20draft%20annual%20report%202019-20%20and%202020-21.pdf>

5.3.10 The role of the O and S Committee, given the further changes being proposed by this report, its limited operation during 20/21, and its revised approach which is in its infancy will remain a focus of attention for 2021/22 – further information is contained in Section 6 of this report.

## 5.4 Review of the Policy Committees

5.4.1 There have been no matters brought to the attention of the Monitoring Officer regarding the functioning of the Policy Committees, either in person or via the effectiveness of committees survey responses received.

5.4.2 The introduction of the Concurrent Meeting Protocol has overcome a number of previous issues and continues to be used for complex, large scale transformational projects where there are both significant policy and financial implications for the Authority.

5.4.3 The concurrent committee approach has been used for the decision around a viable housing solution and the Council's Climate and Sustainability Policy.

5.4.4 The Concurrent Committee consultation arrangement also proved successful in supporting governance through recent exceptional times.

5.4.5 Therefore no changes are being proposed to either Policy Committee as a result of this review.

## 5.5 Petitions

5.5.1 The Petition Scheme had not been reviewed since its introduction in 2009/2010.

5.5.2 A review of similar authorities' petitions schemes has been undertaken to ensure the Council's Scheme is still fit for purpose.

5.5.3 There are no fundamental recommendations arising from the review however a number of **points of clarity are recommended for inclusion within the Scheme, these are detailed in Section 2 of the report.**

5.5.4 The possibility of introducing e-petitions was also investigated but is not being recommended for introduction at this time.

## 5.6 Member Development

5.6.1 The focus for the Member Development Group, after the success of the Induction Programme in May 2019, was to finalise the By-Election Induction Programme and to test online training options with a view to roll-out to all Councillors after May 2020 –

5.6.2 It had been anticipated that on-line training would be in addition to ongoing face-to-face sessions, dependant on the subject matter.

5.6.3 Understandably, due to the global pandemic, national lockdown and the 'new normal' of working from home (with meetings of people being prohibited), Member Development was largely frozen in 2020/21 with the



view to resuming with renewed vigour once the national picture was more settled.

- 5.6.4 As it became obvious that restrictions would remain in place for a longer period of time than originally anticipated, Officers committed to sourcing virtual opportunities for Members, with previously cancelled sessions being rescheduled as online sessions.
- 5.6.5 Development opportunities through the year have been primarily focussed on identified areas from Members, with bespoke sessions provided through the LGiU for Local Government Finance as well as Chairing Skills in a virtual setting.
- 5.6.6 The library on modern.gov has been updated with all session information since May 2019 and this will continue to be the main access point for presentations after each session. The Members' Bulletin has been used to emphasise these opportunities and will continue to be used for that purpose.
- 5.6.7 In June 2020 the By-Election Induction Programme template was approved for future use, meaning the Council now has a full plan in place to ensure any new Councillors joining through a by-election receive the same level of induction and support as those who join through all-out elections. This is a positive step as it had previously been identified as a weakness by new and existing Councillors alike.
- 5.6.8 This had been identified as a work stream for the Member Development Group and has now been successfully completed. Whilst the initial roll out of Learning Pool has been delayed, Officers remain committed to extending these options to Members.
- 5.6.9 The Member Development Group reports progress periodically through the Governance and Audit Committee and reports submitted during the 2019/20 year can be viewed [here](#).
- 5.6.10 Given the world of all sessions currently being provided online Member Development will continue to be a focus in the 2021/22 civic year. Further information is contained in Section 6 below.

## **5.7 Members ICT**

- 5.7.1 Following the elections in May 2019, Democratic Services offered one-to-one training to all elected Members. Many Members took up this offer. Independent Members were issued with their iPads slightly later in May, and were given a group session with a Democratic Officer. Independent and Elected Members were subsequently offered further one to one help if it was required.
- 5.7.2 Written guidance was provided to Members on collection of their iPad as part of their overall 'induction pack'; this guidance is also available electronically on the Members' Bulletin. A 'buddy' system was initially



offered to Councillors, and used mainly by newer Members; however as we moved into June/July of 2019 this was replaced by an offer of help by Democratic Services via telephone/email/face to face as and when Members needed it.

5.7.3 The move to iPads was a big change to the way elected members were asked to work and overall is considered to have been successful. There has been an audit around the Security of Members iPads and this received substantial assurance.

5.7.4 Feedback has been regularly sought and received from Members since the introduction of iPads; this feedback was largely positive, although Members did point out issues with the iPad that they thought could be ironed out.

5.7.5 Democratic Services with support from IT have responded to requests of support from councillors in the use of their iPad, for example:

- digital pens were issued shortly after the election so that Members could write notes electronically on committee papers.
- Calendar invites have been automated so that Councillors do not have to accept appointments; they automatically get inputted into Member calendars.
- A solution introduced as a means for receiving emails when elected Members are on the move (through their mobile phone), subject to certain conditions.
- Further guidance notes issued on specific matters, such as completing expenses and the use of word and excel in general.

5.7.6 Democratic Officers will continue to review the guidance to see if there are any gaps. Facilitating targeted training sessions is within the Democratic Services Team Plan and appraisals. Feedback will continue to be sought from elected Members and mitigating measures introduced where feasible to overcome any difficulties.

5.7.8 The roll-out of a Council owned device has proved invaluable in allowing business to continue during exceptional circumstances.

5.7.9 Given the increased usage we have expected from Members whilst working remotely there is a commitment to review the devices currently in operation to ensure they remain fit for purpose. Further information is contained in Section 6

## **5.8 Review of Governance of Accountable Bodies**

5.8.1 The Governance of Accountable bodies has been taken into account when reviewing financial regulations and contract procedure rules and no amendments are required directly as a result.

## **5.9 Parish Charter**

5.9.1 During 2019/20 the Parish Charter was both consulted on and formally adopted. However since its adoption, many of the activities contained

within it have been delayed. There has been little promotion and no events held primarily due the Covid Pandemic, limitations on activities and resources available given the involvement of communities team in supporting pandemic activities. There is a commitment regardless of circumstances to re-invigorate this work once more. Officers will be reporting annually to Prosperous Communities Committee on progress.

- 5.9.2 Governance and Audit Committee have previously recognised that the Parish Charter may see the need arise to review our Constitution to ensure it reflects all of the principles ultimately agreed within the Charter – this will remain a watch in brief item as detailed at Section 6 of this report .

### **5.10 Work on 4<sup>th</sup> tier governance review**

- 5.10.1 Work in this area has been limited and to date the main focus has been around scoping of the work to understand the desired outcomes and to be clear about expectations. This will remain on the Governance and Audit Committee's associated work task list detailed in Section 6.

### **5.11 Virtual Arrangements**

- 5.11.1 Through the early part of 2020/21 the Democratic Services Team developed, embedded and trained Members on new meeting procedures, and the technology needed to facilitate virtual meetings. Members have embraced the new ways of working. Even in the absence of regulation, virtual working, to some degree, will remain. This will remain on the Governance and Audit Committee's associated work task list detailed in Section 6

## **6 Associated Work Planned to be undertaken during the 21/22 year**

- 6.1 Whilst undertaking the annual review of the Constitution a number of other associated actions for further work, development or "watch in brief" have been identified, namely: -
- 6.2 **The role of the O and S Committee in light of the Peer Review Recommendations**
- 6.2.1 As detailed in Section 5 of the report the role and functioning of the Committee continues to require refinement.
- 6.2.2 In the interim the restrictions on membership have been removed and minor amendments to the terms of reference proposed to support the O and S Committee to fully fulfil its role and to increase the emphasis on engagement with 3<sup>rd</sup> parties.
- 6.2.3 The Committee has further revised its methodology and has been making greater use of informal workshops and tasking groups.
- 6.2.4 The Committee have advised its focus for the 2021/22 Civic Year is for the Overview and Scrutiny Committee to return to 'business as usual'

with a full work plan of outside agencies, ongoing working groups and performance reviews referred from the two policy committees.

- 6.2.5 Given the further changes being proposed by this report, its limited operation during 20/21, and its revised approach which is in its infancy the O and S Committee will remain a focus of attention. Any recommendations arising from the monitoring of the Committee's effectiveness will be made as part of the Annual Review for 2021/22, and would become effective from Annual Council May 2022.

### **6.3 Parish Charter**

- 6.3.1 Given work in this area has not progressed accordingly and having previously been recognised by the Governance and Audit Committee as an area of work which may see the need arise to review our Constitution; ensuring it reflects all of the principles ultimately agreed within the Charter. Development of the Charter and its impact will remain a watch in brief item for the Governance and Audit Committee
- 6.3.3 Any work of this nature, arising from the introduction of a Charter, will be reported through the Governance and Audit Committee throughout 2021/22.

### **6.4 Recommendations of the Committee of Standards in Public Life and "watching brief" of the development of a new model code of Conduct**

- 6.4.1 Back in January 2019 the Committee for Standards in Public Life made a series of recommendations in respect of the current Code of Conduct Regime. With Brexit and now COVID- 19, the recommendations progression through Parliament has been slow. However, The Board of the LGA at its meeting on 11 September 2019 considered and agreed to commence reviewing of the Code ahead of Central Government's response to the recommendations of the report, and appointed Hoey and Ainscough to undertake this work.
- 6.4.2 Consultation on the draft code was due to close on 25 April 2020 and was expected to be considered by the LGA Board in early June but was suspended in May 2020.
- 6.4.3 The Council, through its Standards Sub-Committee have continued lobbying on the recommendations made by the CoSPL, responded to consultations regarding the development of a new Code and attended events.
- 6.4.4 The LGA finally launched its new Code in February 2021. Supporting Guidance notes are being developed and should be made available to Local Authorities in early April.

6.4.5 If it is considered appropriate to do so, and of benefit to the Authority proposals may be brought forward during 2021/ 2022 to adopt the new model code introduced by the LGA.

6.4.6 The Standards Committee considered this matter on 21 April 2021 and have agreed a work programme around the Code's adoption, including a requirement for Parish Councils to adopt it where feasible (can include a link to report once published 15 April)

## **6.5 Member Development**

6.5.1 The Member Development Group through its annual report presented at G&A Committee set its priorities for the coming year and beyond.

6.5.2 At the time of writing this report all training sessions remain on-line and are expected to at least in the short to medium term.

6.5.3 The biennial mandatory training, as specified in the Constitution, will be programmed for 21/22 and notified to all Councillors, with a view to ensuring maximum attendance.

6.5.4 Member engagement continues to be a key element for progressing Member development and the introduction of on-line self learning has been limited.

6.5.5 The training material available currently through the Council's already in place on-line learning platform aimed at employees is very much aimed at softer, personal skills. There is little content currently to address training of a statutory nature with the exception of perhaps IT Governance and Safeguarding.

6.5.6 Further platforms may need to be investigated if the current Learning Pool catalogues are not considered to provide the necessary content and investment would likely be required.

6.5.7 The attendance and impact of the training provided to both Parish Councils and Elected Members will be monitored and assessed and used to inform future training offered.

## **6.6 Virtual meetings / IT Support**

6.6.1 Whilst the regulations will expire on 7 May, mandating a return to the Chamber for formal meetings, remote working has undoubtedly brought about benefits which should be built in to future arrangements. Training attendance appears to have improved and Members' engagement at workshops has also seen an increase.

6.6.2 During 21/22 the Democratic Team will review the pros and cons of remote working for Members and establish an agreed set of meetings that should be considered for facilitating remotely on a permanent basis going forward.

6.6.3 Alongside this work there may be a need to review IT devices provided to Members to ensure they remain fit for purpose, given the extend remit of use now expected.

## **6.7 Work on 4<sup>th</sup> tier governance review**

6.7.1 Further to the information provided at Section 5, this work is anticipated to progress further during the 21/22 Civic Year.

## **6.8 Review of the Public Participation Scheme applied to Planning Committee**

6.8.1 As referenced in section 2.6, the interaction between the Planning Committee/ Department, Elected Members, Public and Parish Councils continues to be highlighted in consultation responses.

6.8.2 One document which supports these interactions in the Committee setting is the Public Participation at Planning Scheme. It is therefore considered prudent that this document be reviewed in its entirety to ensure it remains, fair and equitable to all.

6.8.3 It had been hoped this work could be undertaken during 20/21 but given the unusual way the Committees have been operating, and in light of procedures having to be naturally adopted throughout this period, the fundamental review planned did not occur.

6.8.4 A fuller review will be undertaken during 21/22 and any arising amendments will be reported through the 21/22 Constitution Review.

## **6.9 Review of Working Groups**

6.9.1 It has become apparent throughout the year that the Council has a number of working groups, boards, task and finish groups established however a number of these do not appear to have clear terms of reference or clear reporting lines and mechanisms

6.9.2 During 2021/22 the Democratic Services Team will conduct a review to ensure each such group has an approved terms of reference, and develop a template terms of reference to be used in future, ensuring key factors are considered at the outset of establishing such Groups.

6.9.3 Any arising recommendations will be reported to the Governance and Audit Committee and through the Annual Review 21/22.

## **6.10 Review of Council Procedure Rules**

6.10.1 Concerns have been raised that Council procedure rules are either (a) not fit for purpose or (b) not understood and adhered to by Members.

6.10.2 It is intended to hold a workshop style event during 2021/22 to serve as both an opportunity for Members to review and amend the rules if necessary, but also as a training opportunity so Members can fully understand what is expected during the rules of debate.

## **6.11 Members' Forum and Informal Engagement**

6.11.1 The Members' Forum has recently been re-established by the Deputy Leader. This is an informal discussion environment where Members can generate ideas. The impact of the Forum on formal governance arrangements will be kept under review.

6.11.2 The Council have committed to wider Member engagement in Budget Setting and again the impact of this first event will be monitored closely and formalised if considered necessary

## **7 Annual Report from the Monitoring Officer which sets out the governance arrangements in place to manage Commercial and Economic Growth**

7.1 The Sections below provide updated positions, together with information on how the Council governs its business interests.

### **7.2 West Lindsey Owned Companies**

7.2.1 The current companies in West Lindsey ownership are detailed below. These are managed using nominated representatives acting as Directors and carrying out the shareholder function. The shareholder function for all companies currently sits with the Section 151 Officer and Chief Executive, Ian Knowles. However this responsibility has been formally sub delegated to the Monitoring Officer as part of the changes in responsibilities as a result of the appointment of a Chief Executive. This change forms part of the constitutional review detailed earlier in this report. In practice the shareholder role is carried out by way of formal reporting to the Corporate Policy and Resources Committee.

Company	Reg. No.	Date incorporated	WLDC Staff/Roles		Shareholding
WLDC Trading Ltd	10547086	Jan 2017	AS – Director ER – Shareholder Representative TB - Secretary		Sole Shareholder
WLDC Staffing Services Ltd	10276205	Jul 2016			
SureStaff (Lincs) Ltd	06476932	Jan 2018			
Market Street Renewal Ltd	10298200	Jul 2016	SGS	Director	50/50 with DPL
			AM	Director	
			AR	Shareholder Representative	

Key: -

AM – Andrew Morriss – Independent Lay Member of the Governance and Audit Committee

TB – Tracey Bircumshaw – Assistant Director, Finance, Business Support and Property Services (S151)  
ER – Emma Redwood Interim Assistant Director of People and Democratic Services  
AS – Ady Selby - Assistant Director of Operational and Commercial Services  
SGS – Sally Grindrod-Smith – Assistant Director of Planning and Regeneration, Projects and Growth  
DPL – Dransfield Property Limited

- 7.4.2 During 2020/21 The SureStaff and Market Street Renewal Ltd companies have presented Business plans to Corporate Policy and Resources Committee. These are now planned in as a matter of course for future years to allow for the forward plan to be accurate and to ensure prompt reporting.
- 7.4.3 There has been a change agreed to the West Lindsey representatives for the companies. Alan Robinson has been replaced by Emma Redwood as the Council's shareholder representative and she will present Business Plans and other reports that are necessary to the Corporate Policy and Resources Committee.
- 7.4.4 In conclusion there have been no issues raised around the governance of the West Lindsey owned companies and they have not been subject to any legal challenge during the year.

## **7.5 Development Agreements**

7.5.1 A development agreement is a term which is used to cover a variety of agreements amongst developers, landowners, purchasers, tenants and funders. Each agreement will, of course, require to be tailored to the parties and the circumstances of the particular development, but they tend to have a number of elements in common.

7.5.2 Many include some or all of the following obligations on the developer:

- to carry out the particular development in line with agreed plans and specifications;
- to procure the provision of collateral warranties by the contractor and consultants to the purchaser/tenants and funder;
- provisions which are designed to ensure the quality of the development;
- letting obligations, which set out the minimum criteria for any prospective leases which the developer seeks to secure, perhaps with an agreed form of lease attached; and
- A timetable for the development, including a longstop date for completing it.

## **7.6 Commercial Property Portfolio.**

7.6.1 At the Corporate Policy and Resources Committee on 13<sup>th</sup> April 2017 Members agreed a criteria for investment in commercial properties.

7.6.2 The criteria included Lot size, Location, Asset quality, Tenant lease term, Tenant Covenant, Occupation and Tenure. In addition the committee agreed to delegate the application of the criteria to the Chief Executive following consultation with the Chairman of Corporate Policy and Resources Committee.

7.6.3 The criteria was revised at the meeting of the Corporate Policy and Resources on 10<sup>th</sup> May 2018 to increase the purchase price range to £10 million. This was to enable the portfolio to be balanced and to take advantage of a gap in the market for lots between £5 million and £10 million.

7.6.4 The table below sets out the scoring criteria which is used to evaluate properties for the portfolio.



Financial considerations				
<b>Lot Size (Capital Value)</b> - The core initial lot size target is £1.0m - £4m. Taking into account the Council's total investment return of £20m it is recommended that a minimum of 8 assets are held without any single asset being overly dominant. A spread of £1.0m to £4m implies an average asset value of £2.5m and a portfolio of c.8 assets.	£2.0m - £5m	£1.0m - £2.0m or £5m - £7.5m	£500k - £1.0m or £7.5m - £10m	<£500k or >£10m
	5	3	1	0
<b>Rate of Return (Net Yield)*</b> - Investments will look to achieve an overall target yield of circa +/- 1% of the average net yield of the entire portfolio for which the target is currently 7.0%.  *the return to the council after consideration of agents fees (1%), legal fees (0.5%), Stamp Duty Land Tax (at prevailing rate), external management costs (if applicable), survey costs (estimated) and any void costs.	6% to 8%	5% to 6% / >8% to <10%	<5% or 10%	N/A (property vacant)
	5	3	1	0
<b>Lot Size (Annual Rental Income)</b> - The target income range is between £150k and £300k pa. This is driven by the Authority's target net return of 7% and the identified target lot size of £1.0m - £4.0m.	£125k p.a. - £300k p.a.	£100k p.a. - £125k p.a. or £300k p.a. - £600k p.a.	£50k p.a. - £100k p.a. or £600k p.a. - £800k p.a.	<£50k p.a. or >£800m p.a.
	5	3	1	0
Property/Asset Considerations				
<b>Sector</b> - The council should invest in a diversified and balanced portfolio with a focus on the traditional lower risk sectors of Offices, Industrial and Retail; the spread of sectors will limit the Council's exposure to volatility in a particular area.	Traditional Property type (Office, Industrial, Retail)	Leisure	Healthcare or Other Business Uses	Residential

	5	3	1	0
<b>Location Quality</b> - the 'Primeness' of an asset's location will depend very much on the nature of each individual asset and the market within which it competes. Prime locations by sector can broadly be outlined as follows: Offices - located within an established business district of a major UK city or on an established out of town business park with access to amenities and good transport links. Industrial - located within close proximity to UK motorway network or transport hub (airport/port/rail links) or an established and successful industrial/manufacturing park. Retail - located within the retail core of a major UK city or an established and successful out of town retail location.	Primary	Secondary	Tertiary	N/A
	5	3	1	0
<b>Located Proximity to WLDC</b> - Location will be dictated by opportunity to acquire investments that meet the strategy. A balanced portfolio would not usually be restricted to WLDC's administrative boundary and would consider opportunities to purchase further afield focusing initially on investments more locally, i.e. in the LEP/area, before expanding the search country/UK wide.	Within WLDC	Within 1 hr drive time	Within 2 hr drive time	>2hr drive time
	5	3	1	0
<b>Tenure</b> - When considering the tenure of an asset, freehold would be preferable to leasehold. Freehold provides the greater levels of security against a leasehold asset that would effectively decrease in value over time. However assets on long leasehold basis may still be suitable for consideration where the lease term remaining is 125 years or more.	Freehold	Long Leasehold (125 yrs+)	Long lease between 75yrs & 125yrs	Long lease less than 75yrs
	5	3	1	0
<b>Building Condition</b> - The age and specification of the property will also affect the ability of the Council to let or sell the property in the future. It must also be taken into consideration in respect of the cost of protecting the investment and the undertaking of repairs and refurbishment if the cost cannot be fully recovered from the tenant. Preference should therefore be for modern and efficient stock. Consideration should also be given to any landlord costs associated with works that may be required to bring the property up to a satisfactory EPC level (new leases should have a minimum EPC rating of 'E' by 1st April 2018) if it is not already.	Good	Fair	Poor	Not Acceptable
	5	3	1	0
<b>Security of Income/Leasing</b>				

<b>Covenant Strength</b> - With tenanted properties there should be consideration of the quality of the tenant and more importantly, their ability to pay the rent on time and in full. Consider Dun & Bradstreet, Experia credit rating when applying Financial Covenant score. If Property is multi-let it may be acceptable to have some weaker tenants within the tenant mix as the risk is diversified to a certain extent.	<b>Strong financial covenant</b>	<b>Good financial covenant</b>	<b>Limited financial covenant</b>	<b>Poor financial covenant/vacant</b>
	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Unexpired Lease length</b> - In the case of a tenanted property, the unexpired length of the term of the lease is of key importance in ensuring that the landlord's revenue stream is uninterrupted. This must consider any upcoming breaks and assumes the tenant breaks at the earliest opportunity. For multi-let properties consider the Weighted Average Unexpired Lease Term (WAULT) i.e. the average lease term remaining to first break, or expiry, across the property weighted by contracted rent.	<b>10yrs+</b>	<b>5yrs to 10yrs</b>	<b>Between 2yrs &amp; &lt;5yrs</b>	<b>Less than 2yrs/Vacant/Holding Over</b>
	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Rent Review</b> - To increase income there must also be consideration of upcoming Rent Reviews in terms of the time frame and the method (i.e. upward only, RPI/CPI etc.) There should also be some consideration to the Rental Growth Prospects.	<b>Stepped rent/RPI or fixed uplifts</b>	<b>Open Market Rent (5 yearly)</b>	<b>Unusual review format (i.e. 14 yearly)</b>	<b>No RRs</b>
	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Rental Growth Prospects</b> - This considers the passing rent in relation to the market conditions and prospects for increase in income having regard to estimated rental value compared to passing rent. At a minimum the Market Rent should be equal to the Passing Rent.	<b>Substantial Rental Growth Prospect</b>	<b>Some Rental Growth Prospect</b>	<b>Rack Rented/No Likely Change</b>	<b>Over rented (i.e. Passing Rent &gt; Market Rent)</b>
	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Repairing terms</b> - There should be preference for investments with full repairing and insuring (FRI) terms meaning that all costs relating to occupation and repairs are borne by the occupier(s) during the lease term with only insurance premiums recharged and service charge (if applicable).	<b>Full Repairing/fully S/C recoverable</b>	<b>Internal repairing - s/c recoverable by capped</b>	<b>Internal repairing - partially recoverable</b>	<b>Internal Repairing - non-recoverable/ Landlord only</b>
	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Occupancy rate</b> - Ideally the property will be fully let and income producing. A vacant or mostly vacant property potentially provides the opportunity to increase income (depending on market demand, building condition etc.,) Also, there should be consideration as to the ease of getting the property fully occupied and the expense which the Landlord will have to pay in the interim i.e. empty rates, repairs and redecoration etc.	<b>Fully let (100% let)</b>	<b>Part Let, Part Vacant (&gt;70% &amp; &lt;100% let)</b>	<b>Mostly Vacant (50% - 70% let)</b>	<b>Predominantly vacant</b>
	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>

7.6.5 No additional investment properties have been purchased during the year in question

7.6.7 Members have been regularly updated on these properties in the budget monitoring reports which are provided on a quarterly basis to the Corporate Policy and Resources Committee.

## **8 Data Analysis Of The Number, Nature And Outcome Of Complaints Received Under The Code Of Conduct.**

8.1 The Standards Sub-Committee at its meeting on 24 November 2020 received a report which presented a data analysis of the number, nature and outcome of complaints received under the Code of Conduct regime for the civic years the Civic Years 2016/2017 – 2020/21 (to-date – which was October 2020)

8.2 The full report can be viewed at: <https://democracy.west-lindsey.gov.uk/documents/s22019/number%20nature%20and%20outcome%20of%20complaints%2020-21%20to%20date.pdf> and includes information on the current approach adopted.

8.3 The sections below set out an updated position in respect of complaints data for the 20/21 civic year up to **February 2021**.

8.4 During 2020/21 there have now been a total of 31 complaints. (2 withdrawn as cllr resigned)

8.4.1 25 relate to Parish Councillors and 6 relate to District Councillors.

8.4.2 The nature of these complaints is summarised below:

- |                     |    |   |
|---------------------|----|---|
| • Respect           | 6  | (Parish Council)                        |
| • Honesty           | 2  | (Parish Council)                        |
| • Leadership        | 6  | (Parish Council)                        |
| • Bullying/ Harrass | 5  | (Parish Council)                        |
| • Accountability    | 10 | (District Council 6 Parish Council (4)) |

8.4.3 The level of complaints has significantly increased during 20/21 with us having received, as at February 2021, twice as many complaints as the previous year.

8.4.5 complaints are up across all sectors, since lockdown. Councillors particularly, Parish Councils have been much more accessible to the Public, due to the virtual regulations and their behaviour and operation scrutinised to a greater degree than usual.

8.4.4 We continue to receive more complaints about Parish Councillors as opposed to District Councillors, but this is to be expected given the number of parish councillors as opposed to District Councillors .

- 8.4.3 The Council has in the two year period issued sanctions against 2 of its District Councillors and a Parish Councillor.

## **9 Recent Appointments made by the Monitoring Officer**

### **9.1 Independent members of the Governance and Audit Committee**

- 9.1.1 Recruitment for two posts on the Governance and Audit Committee took place on 23<sup>rd</sup> March 2021. The vacancies were as a result of the end of fixed terms of the existing members. Following a recruitment process carried out by a panel of the Chair of the Governance and Audit Committee, the Monitoring Officer and the Deputy Monitoring Officer, two new independent members are recommended for appointment. These are:

Mrs Alison Adams – for a period 4 years commencing Annual Council 2021

Mr Peter Walton – for a 1 year period commencing Annual Council 2021

- 9.1.2 **Council are asked to ratify these appointments and formally appoint Mrs Adams and Mr Walton as non-voting members on the Governance and Audit Committee, until Annual Council May 2025 and May 2022 respectively**

### **9.2 Remuneration Panel Member**

- 9.2.1 Recruitment for 1 post on the remuneration panel took place on 23<sup>rd</sup> March 2021. The vacancy was as a result of the expiry of the term of a member. Following a recruitment process carried out by a panel of the Chair of the Governance and Audit Committee, the Monitoring Officer and the Deputy Monitoring Officer, Mr Richard Harvey is to be appointed for a 3 year period.

- 9.2.2 **Council are recommended to appoint Mr Richard Harvey to a position on Remuneration Panel until Annual Council in May 2024.**

### **9.3 Appointment of Independent Person for Code of Conduct issues**

- 9.3.1 West Lindsey has two independent people who support the Monitoring Officer on Code of Conduct matters. One of these has tendered their resignation with effect from 31<sup>st</sup> March 2021. It is best practice to have two independent people at all times to ensure that conflicts of interest are minimised. The Monitoring Officer has approached Andrew Middleton who is currently an independent person for Bassetlaw District Council to act as an interim Independent person for a period of 6 months so that a full recruitment process can be carried out.

- 9.3.2 **Council are recommended to appoint Mr Andrew Middleton as Independent person for a period of up to six months.**

- 10.1 The leisure contract is a comprehensive document which details the expectations from both parties. It covers activities at the Gainsborough Leisure Centre, expectations for Market Rasen Leisure Centre once it is completed and a range of outreach activity across the district. The provider is Everyone Active.
- 10.2 The performance of the contract is continually being monitored through monthly client meetings with the provider, Everyone Active, and through ad-hoc visits on a weekly basis. All meetings are documented and service issues are considered.
- 10.3 During the year a number of issues have been raised by service users and Councillors regarding cleaning and hygiene. These have been addressed through meetings with the site manager and by ad hoc site visits by the contract manager. The contract manager has also engaged with the service users concerned and feedback has been provided. As a result plans have developed with the contractor to address the concerns. Actions include a modified cleaning regime and staff training.
- 10.4 There are measures in the Performance and Delivery report which members review on a regular basis these are
- Leisure Centre Usage
  - Customer Satisfaction
  - Number of outreach users
  - Number of users referred through participation in Healthy Lifestyle Schemes
  - Annual measure relating to whether or not external Quest accreditation has been maintained. Details of the scheme are available at <https://questnbs.org/about-us/about-quest>
- 10.5 We also monitor outcomes in the annual State of the District report which includes information relating to physical activity and participation in sport. Details of Sporting Facilities are also included in the State of the District report.

## **11 Support to Parish Councils.**

- 11.1 As Monitoring Officer, I regularly support Parishes on an informal basis throughout the year. As well as through my powers in relation to the Code of Code Conduct. However, the Constitution also provides me the relevant powers to: -
4. To make, under Section 91 of the Local Government Act 1972, temporary appointments of Members to Town and Parish Councils following consultation with the Chairman of the Governance and Audit Committee. (Part IV / Page 33)
- 11.2 Following the Elections in May 2019, there were a number of Parish Councils who were not in a position to legally operate due to them not having the required number of elected members to be quorate. Being in

this position means that even when the Parish Council find an interested party to join the Council, the Parish Council cannot formally co-opt that person as they do not have a quorum to make such a decision; they are in effect left in limbo.

- 11.3 During the 2019/ 2020 the Monitoring Officer, with assistance from Ward Members, has assisted four such Councils, using this delegated power, to varying degrees namely: -

Scotton  
Northorpe  
Brattleby  
Langworth

- 11.4 The Monitoring Officer, Deputy Monitoring and relevant Wards Members have for short periods acted as Members of these Parishes purely for the purposes of ensuring any interested parties can be legally co-opted ensuring the Parish Council is therefore in a position to continue function independently.
- 11.5 Sometimes this has seen multiple appointments made to a single Parish Council and administrative actions being undertaken to keep the Parish Council functioning.
- 11.6 All of these Parishes are now in a position to function independently once again.
- 11.7 There have been no such interventions in the year 2020/2021.

## **12 Interim Decision Making Process during COVID 19 outbreak.**

- 12.1 In March 2020 the COVID 19 outbreak led to a number of changes to the decision making process at West Lindsey DC. All meetings were cancelled and the use of the delegation scheme was invoked as an alternative to Committee decisions.
- 12.2 The Constitution allows for this situation and gives the appropriate delegations to the Head of Paid Service in consultation with key elected Members. This is in accordance with paragraph 4 of the Head of Paid Service duties which are contained in part IV of the Constitution.

4. To determine any matter within the referred or delegated powers and duties of a committee/sub-committee/board/ working group which is so urgent that a decision must be made before the next meeting of that committee/sub-committee/board/working group is due to be held.  
**(Limits on delegations:** Before making any decision pursuant to this delegated power, the Head of Paid Service shall consult with and take cognisance of the views of the Chairman of the relevant committee/ sub-committee/ board/ working group (or, in his/ her absence, the Vice-Chairman of that committee/ sub-committee/ board/ working group). Any decision taken by the Head of Paid Service under this delegated power shall be reported to Members within five working days of the decision being taken.



- 12.3 The Governance has been tested by the emergency and the Constitution has enabled all necessary action to be taken without making any changes.
- 12.4 The Head of Paid Service did commit to extend the above delegation to include the Leader of the Opposition and this has been the case since the start of the Pandemic.
- 12.5 As of 4 April 2020, Regulations permitting remote or virtual meetings became effective and the Authority reviewed its previous decision to suspend all meetings.
- 12.6 A revised Committee timetable was agreed and a managing virtual meetings procedure was developed.
- 12.7 The Authority has used a combination of MS Teams and “connect anywhere” software, developed by our webcast provider, Public-I, to meet all the requirements of the regulations.  
(<http://www.legislation.gov.uk/ukxi/2020/392/contents/made>)
- 12.8 The Authority has been able to maintain public participation and has not needed to reduce committee membership to quorum levels.
- 12.9 The regulations which support virtual committee meetings, cease to become effective on 7 May 2021.
- 12.10 However, as outlined in previous sections, it is anticipated remote working will have some place within the organisation for years to come.
- 12.10 Whilst the regulations will have come to an end, social distancing remains, and the Council will need to consider how it holds Full Council going forward. Committees can be accommodated within the Chamber.
- 12.11 At the time of writing this report no formal decision had been made by West Lindsey.
- 12.12 Given the pace of change still being experienced by the Pandemic it is expected that the urgent delegated decision provision will still need to be used on a frequent basis. Members are notified of such decisions within 5 days of them being made, and as previously stated, the Chair for CPR, PC and the Leader of the Opposition are always consulted.

### **13 Regulation of Investigatory Powers (RIPA)**

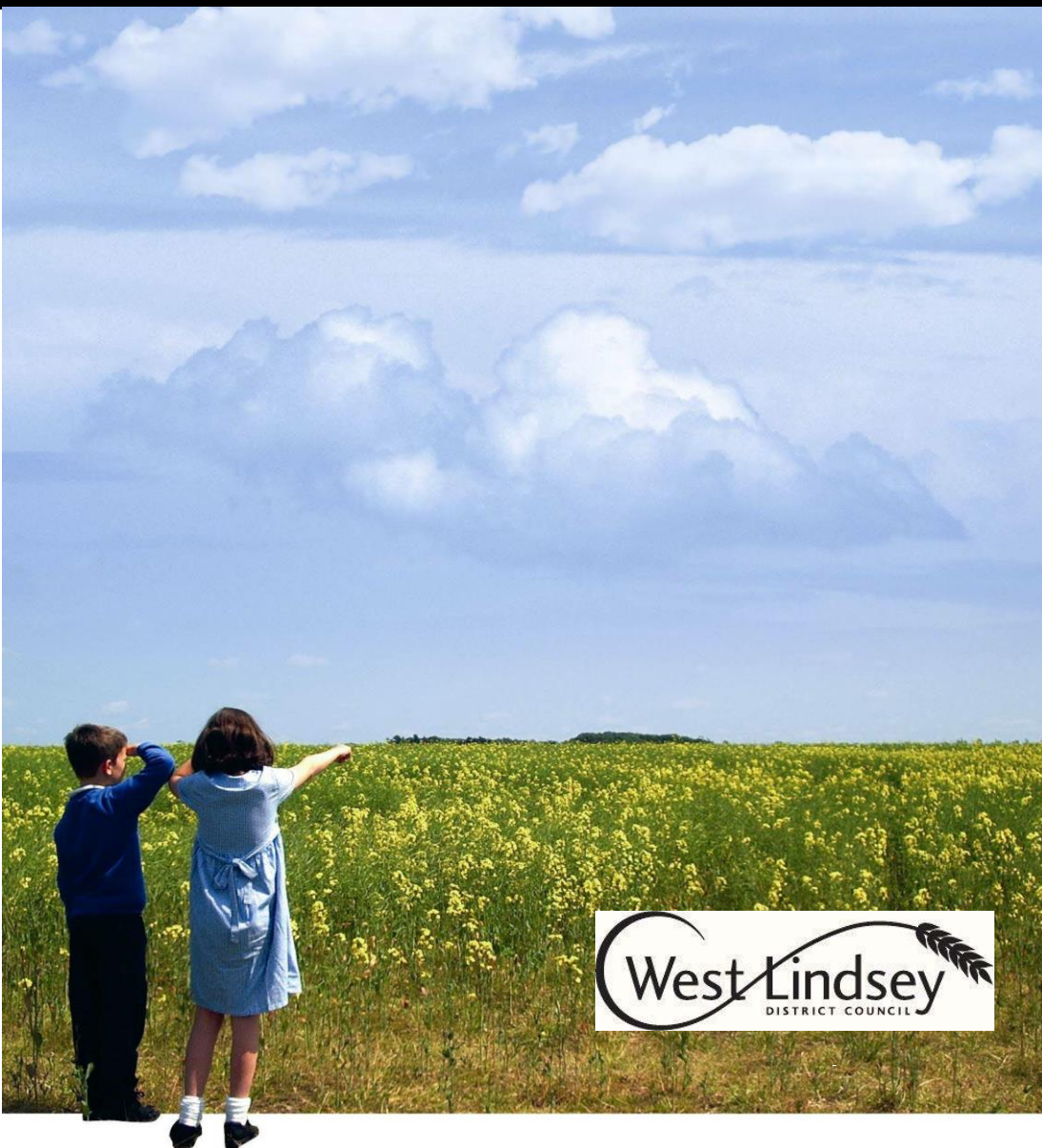
- 13.1 The Human Rights Act 1998 requires the Council and organizations working on its behalf, pursuant to Article 8 of the European Convention, to respect the private and family life of a citizen, his home and his correspondence.



- 13.2 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory mechanism (i.e. 'in accordance with the law') for authorising covert surveillance, the use of a covert human intelligence source (CHIS) - e.g. undercover agents. It seeks to ensure that any interference with an individual's right under Article 8 of the European Convention is necessary and proportionate. In doing so, RIPA seeks to ensure that both the public interest and the human rights of individuals are suitably balanced.
- 13.3 West Lindsey in common with all Local Authorities is required to have arrangements in place to ensure that it abides by these regulations. This includes having an up-to-date Policy, carrying out training and keeping appropriate records. All requests to carry out surveillance have to go through an authorization process which includes approval by a magistrate. Training has been carried out for key staff in February 2020 and more is planned for the coming months.
- 13.4 The Surveillance Commissioners officer carried out a review of arrangements in January and found that the arrangements in place were adequate but suggested two actions to improve the position. The first that Members are advised annually of the number of surveillance requests which have been approved. It can be confirmed that during 2020/2021 no requests were made. The second was that the policy which was last reviewed in July 2017 should be reviewed. This work will be carried during the 2021/2022 civic year and presented to Members in this report next year.

West Lindsey District Council

## Participation at Planning Committee Meetings



Revised May ~~2019~~ 2020

West Lindsey District Council is committed to extending public involvement in the planning process.

There are already extensive consultation and neighbour notification procedures for all planning applications. This leaflet explains how you can speak directly to Councillors at Planning Committee meetings.

The advice in this leaflet applies equally to applicants, their agents, supporters, objectors and local council representatives.

### **Questions and Answers**

**Q Can I get a copy of the agenda before the meeting?**

A The agenda, containing details of each application, will be available on the Council's website, at the meeting and will be available for inspection at the council's offices five clear days before the meeting.

**Q Does "public participation" alter the existing arrangements for the publicity of planning applications?**

A No. Planning applications will continue to be publicised as at present.

The council's Planning Committee generally consider applications which are of wider significance or of major importance to the district as a whole, while decisions on simple or straightforward applications are usually delegated to officers. You may need to check with Planning & Development Services on 01427 676676 (following Options for the Planning Team), or email: [planning.customer-care@west-lindsey.gov.uk](mailto:planning.customer-care@west-lindsey.gov.uk) if you are not sure if the application in which you are interested is to be considered at a Planning Committee meeting.

Applicants, agents and town or parish councils will be informed ~~about~~ approximately five days before the meeting if an application in which they are interested is on the agenda for that meeting. All other interested parties (i.e. anyone else that has commented/local residents) need to view dates and agendas for forthcoming committee meetings on the council's website. Unfortunately it is not possible to notify interested parties (other than the parish council) directly. Where a planning application is dealt with by officers under delegated powers, clearly public participation at a Planning Committee will not apply.

**Q If I object to a proposal, do I have to speak at the committee meeting?**

A No. Details of all objections, if received in time, are reported to the committee anyway. It is entirely at your own discretion whether you ask to speak at committee. Objections are available to view using the application tracker pages of the council's website ([www.west-lindsey.gov.uk](http://www.west-lindsey.gov.uk)).

**Q If I am the applicant or agent, do I have to speak at the committee meeting?**

A No. If the recommendation to the committee is to approve the proposal, you may decide not to take up committee time. If the recommendation is for refusal, you may wish to present your case. Please note, however, that a recommendation is not always accepted by the committee.

**Q If I wish to speak, how do I arrange it?**

A If you wish to speak, you will need to telephone or e-mail the Democratic Services team on:  
**01427 676594, 676595 or 676606**  
**committeeadmin@west-lindsey.gov.uk to register your request.**

All speakers, including members of the public, visiting Ward Members and County Councillors are required to comply with the requirement to register in advance of the meeting (by 5pm two working days before the meeting). i.e. on the Monday for a Wednesday meeting or the Friday if the Monday is a Bank Holiday.

You can register as soon as you become aware of the application even if you do not know at that stage whether the application will be dealt with by officers or submitted to committee. Late requests to speak will not be accepted, unless there are exceptional circumstances.

**Q Where and when are the committee meetings held?**

**A** Meetings of the Planning Committee are generally held every four weeks on Wednesdays at 6.30pm in the Council Chamber, Guildhall, Marshall's Yard, Gainsborough.

**Q When will the application be considered?**

**A** Applications on which the public wish to speak may be considered before other applications. If you make arrangements to speak, you should endeavour to be present at the start of the meeting. Applications will not be deferred or delayed in the event of late or non-attendance. Specific times for the discussion of particular applications cannot be given.

**Q What is the order of speaking on each application?**

**A** One of the planning officers will introduce the item. Speakers will be invited to speak in the following order:

- ☐ Town/Parish Council/Meeting representative
- ☐ Supporters (including the applicant(s) and/or agent(s))
- ☐ Objectors
- ☐ Ward and/or County Councillors (for the Ward being dealt with as part of the application)

Please ensure that you make it clear in what capacity you wish to speak: objector; supporter; Parish/District/County Councillor.

The committee will then consider the application and reach a decision. If at the meeting a deferral or site visit is agreed arising from comments made during public participation, you may speak again at the meeting when the application is next considered.

~~Standing advice to all WLDC Members would be to leave the Chamber for the remainder of the debate on the item they have spoken on.~~

**Q How long will I be able to speak for?**

A There is a time limit of five minutes for each category of speakers. ~~Into whichever category you fall, Y~~you are encouraged to get together and arrange a single spokesperson, no matter which category you fall under. A maximum of three speakers will be allowed in each category, sharing the time equally, if agreement cannot be reached. If more than three still wish to speak, time will be allocated on the basis of the first three who registered with the Committee Administration team.

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**Q Can I ask questions of other speakers?**

A No. Comments should be in the form of statements rather than questions. It is important to focus comments on material planning matters that have not otherwise been raised by other speakers.

**Q Can I use photographs or plans or circulate supporting documents?**

A Documentation in support of oral representations is permitted provided a copy is submitted to Planning Services by no later than 12 noon on the day preceding the committee meeting.

**Q What are the relevant issues in considering proposals?**

A The relevant issues will vary with the nature of the proposal and the site, but may include the following:

- ☐ Local and Neighbourhood Plan policies

- ☐ Government planning guidance
- ☐ Planning law and previous decisions
- ☐ Highways safety and traffic issues
- ☐ Noise, disturbance and smells
- ☐ Design, appearance and layout
- ☐ Conservation of historic buildings, trees ~~etc~~etc.
- ☐ Residential amenities and Environmental impact
- ☐ The current Minerals and Waste Plan for the area

**Q What issues are usually not relevant in considering proposals?**

A They will also vary from case to case, but the following are examples:

- ☐ Matters covered by other laws (*e.g. alcohol licensing*)
- ☐ Private property rights (*e.g. boundary or access disputes*)
- ☐ The applicant's morals or motives
- ☐ Suspected future development
- ☐ Loss of view
- ☐ Effect on value of property

Allegations of factual errors in the report are not to be the subject of oral representations. If you believe this to be the case, you must take this up in writing with the Planning and Development Services Manager prior to the meeting. You should particularly note that you should not make derogatory or defamatory remarks about other people. Any such comments may leave you open to legal action.

**Q Can I speak more than once on the same application?**

A The Planning Committee may seek points of clarification from participants. If a motion for deferral/a site visit arises from listening to the comments made during the public participation period and is duly agreed, public participation arrangements will apply to that item when it is next considered.



**Q Whom do I ask if I have any other queries?**

A If you have any questions not answered by this leaflet, you are welcome to contact:

**Democratic Services**

**West Lindsey District Council Guildhall, Marshall's  
Yard Gainsborough, Lincolnshire DN21 2NA**

**Telephone: 01427 676594/595/606**

**Email: [committeeadmin@west-lindsey.gov.uk](mailto:committeeadmin@west-lindsey.gov.uk)**

**Notes:**

- Councillors are elected to represent you on the District Council. You might like to contact your Councillor about the application concerned, but he/she will not be able to commit him/herself to a decision before hearing all the evidence and debate at the meeting. Councillors must take into account the laws and planning guidance as well as public opinion.
- The Chairman of the Planning Committee has absolute discretion regarding the interpretation of this scheme and its temporary suspension, variance or withdrawal at a particular meeting if it would be conducive to the debate or in the event that it becomes, or threatens to become, disruptive to the conduct of the meeting or the proper and lawful exercise of the council's statutory powers and duties.
- Minutes of Committee Meetings are published on the website and may also be viewed at council offices. Copies can be provided on request. There is a charge to cover printing and postage costs.

**Other Leaflets in this Series:**

Public Participation at Committee

Meetings and

Public Question Time at Council Meetings





## Assistant Director of Planning and Regeneration

1. To determine the following:

- Applications for planning permission
- Applications for Listed Building ~~and Conservation Area Consent~~
- Applications made under the Hazardous Substances regulations
- Applications for consent to display advertisements

The above powers cannot be used if the following circumstances apply:

- (a) In the case of an application it is intended to determine in conflict with a representation received from a parish or town council, a neighbour or other person or organisation, that application will be referred to the Planning Committee for determination where, in the professional opinion of the Assistant Director or Planning Team Manager (in consultation with the Monitoring Officer if considered appropriate):
- (i) The representation relates to a “planning matter”; and
  - (ii) The representation and the planning matters raised are directly relevant to the application under consideration; and
  - (iii) The planning matters under consideration in the determination of the application are finely balanced.

(b) The application has been subject to a request by a Parish Council, made during the formal 28 day consultation period to have it determined by the Planning Committee for the following reason;

- (i) In the opinion of the Parish Council making the request, it would comprise a departure from the policies of the Neighbourhood Plan (which has reached at least the Regulation 16 consultation stage) and they have set out which specific policies they consider are in conflict and why;

It will be for the Assistant Director or Planning Team Manager (with consultation of the MO), to decide in consultation with the Chairman of the Planning Committee, on the basis of the planning reasons given by the Parish Council or planning policies referred to, whether the application should be referred to the Planning Committee for determination.

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- (b) The application has been subject to a request by a Councillor, made during the formal 28 day consultation period and is supported by relevant planning policies and other material planning considerations that are directly relevant to the application being considered, to have it determined by the Planning Committee for one of the following reasons;
- (i) The application is of major importance or significance to the District as a whole and therefore requires the input of Councillors in its determination
  - (ii) There is, in the opinion of the Councillor making the request, a valid planning reason why the application should be determined by the Planning Committee and this is supported by relevant planning policy.

It will be for the Assistant Director or Planning Team Manager (with consultation from the MO if considered appropriate) to decide in consultation with the Chairman of the Planning Committee, on the basis of the planning reasons given by the Councillor or planning policies referred to, whether the application should be referred to the Planning Committee for determination.

- (c) An application has been on deposit in the statutory register for a period of less than 28 days or the period allowed for consultation replies to be received has not expired, whichever is the later.
- (d) The applicant or agent is a Councillor.
- (e) The applicant or agent is from the immediate family of a Councillor.
- (f) The applicant or agent is an officer of the Council.
- (g) The applicant or agent is from the immediate family of an officer of the Council.
- (h) The Executive Director of Operations or senior officer within considers it

appropriate that the application is determined by the Planning Committee.

- (i) Any application where the recommendation is for approval which is in conflict with a policy of the adopted Central Lincolnshire Local Plan or any Neighbourhood Plan ~~that has passed Regulation 14 stage, being those plans at either an official draft stage or 'made' (adopted) Neighbourhood Plan.~~

2. To determine all other matters which are part of the development management process, including (but not exclusively): .....

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## **West Lindsey District Council Petition Scheme**

### **1. Petitions**

- 1.1 The Council welcomes petitions and recognises that petitions are one way in which people can let us know their concerns. All petitions sent or presented to the Council will receive an acknowledgement from the Council within 10 working days of receipt.

This acknowledgement will set out what we plan to do with the petition. We will treat something as a petition if it is identified as being a petition, or if it seems to us that it is intended to be a petition.

- 1.2 Petitions can be sent to:

Democratic Services Team  
West Lindsey District Council  
Guildhall  
Marshall's Yard  
Gainsborough  
Lincolnshire  
DN21 2NA

- 1.3 Petitions can also be presented to a meeting of the Council. These meetings take place on an approximately six weekly basis, dates and times can be found at [www.west-lindsey.gov.uk](http://www.west-lindsey.gov.uk).
- 1.4 If you would like to present your petition to the Council, or would like your Councillor or someone else to present it on your behalf, please contact Democratic Services on 01427 676676, at least 10 working days before the meeting and they will talk you through the process. If your petition has received 300 signatures or more it will also be scheduled for a Council debate and if this is the case, we will let you know whether this will happen at the same meeting or a later meeting of the Council.

### **2. What are the guidelines for submitting a petition?**

- 2.1 Petitions submitted to the Council must include:

- A clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the Council to take; and

- The name and address and signature of any person supporting the petition.

2.2 Petitions should be accompanied by contact details, including an address, for the petition organiser. This is the person we will contact to explain how we will respond to the petition.

2.3 Petitions, which are considered to be vexatious, abusive or otherwise inappropriate, will not be accepted. In the period immediately before an election or referendum, we may need to deal with your petition differently – if this is the case, we will explain the reasons and discuss the revised timescale which will apply. If a petition does not follow the guidelines set out above, the Council may decide not to do anything further with it. In that case, we will write to you to explain the reasons.

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### 3. What will the Council do when it receives my petition?

3.1 An acknowledgement will be sent to the petition organiser within 10 working days of receiving the petition. It will let them know what we plan to do with the petition and when they can expect to hear from us again. It will also be published on our website.

3.2 If we can do what your petition asks for, the acknowledgement may confirm that we have taken the action requested and the petition will be closed. If the petition has enough signatures to trigger a Council debate, or a senior officer giving evidence, then the acknowledgement will confirm this and tell you when and where the meeting will take place.

3.3 If the petition applies to a planning or licensing application, is a statutory petition (for example requesting a referendum on having an elected mayor), or on a matter where there is already an existing right of appeal, such as council tax banding and non-domestic rates, other procedures apply. Further information on all these procedures is available from the Democratic Services Team on 01427 676594/5.

3.4 We will not take action on any petition, which we consider to be vexatious, abusive or otherwise inappropriate and will explain the reasons for this in our acknowledgement of the petition.

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## 4. Petition Levels

The response your petition receives depends on the number of signatures gathered. The different response levels are:

Number of Signatures	Response given
<u>1-99</u>	<u>Passed to the relevant service area</u>
<u>100-299</u>	<u>Meeting with the Leader, Deputy Leader and Head of Paid Service</u>
<u>300+</u>	<u>Full Council debate</u>

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## 4.5. Next Steps / Action to be taken

4.45.1 Our response to a petition will depend on what a petition asks for and how many people have signed it, but may include one or more of the following:

- Taking the action requested in the petition

- Considering the petition at a Council meeting
- Holding an inquiry into the matter
- Undertaking research into the matter
- Holding a public meeting
- Holding a consultation
- Holding a meeting with petitioners
- Referring the petition for consideration by the Council's Scrutiny Committee
- Calling a referendum
- Writing to the petition organiser setting out our views about the request in the petition

4.25.2 If your petition is about something over which the Council has no direct control (for example local railway or hospital) we will consider making representations on behalf of the community to the relevant body. The Council works with a large number of local partners and where possible will work with these partners to respond to your petition. If we are not able to do this for any reason (for example if what the petition calls for conflicts with Council policy), then we will set out the reasons for this to you. You can find more information on the services for which the Council is responsible here ([www.west-lindsey.gov.uk](http://www.west-lindsey.gov.uk)).

4.35.3 If your petition is about something that a different Council is responsible for, we will give consideration to what the best method is for responding to it. This might consist of simply forwarding the petition to the other Council, but could involve other steps. In any event, we will always notify you of the action we have taken.

4.45.4 Petitions with less than 100 signatures do not meet the relevant criteria, but will be passed to the relevant service area.

## **5.6. Full Council debates**

5.46.1 If a petition contains more than 300 signatures, it will be debated by the full Council.

5.26.2 This means that the issue raised in the petition will be discussed at a meeting which all Councillors can attend. The Council will endeavour to consider the petition at its next meeting, although on some occasions this may not be possible and consideration will then take place at the following meeting. The petition organiser will be given five minutes to present the petition at the meeting and the petition will then be discussed by Councillors for a maximum of 15 minutes. The Council will decide how to respond to the petition at this meeting. They may decide to take the action the petition requests, not to take the action requested for reasons put forward in the debate, or to commission further investigation into the



matter, for example by a relevant Committee. The petition organiser will receive written confirmation of this decision. This confirmation will also be published on our website.

## **6. Consideration by the Leader, Deputy Leader and Head of Paid Service**

- 6.1 A meeting with the Leader, Deputy Leader and Head of Paid Service will take place if a petition contains 100 signatures or more.
- 6.2 A senior officer will attend to present a short report setting out the Council's position. Up to three representatives of the petitioners are invited to attend with one nominated as spokesperson.

## **7. What can I do if I feel my petition has not been dealt with properly?**

- 7.1 If you feel that we have not dealt with your petition properly, the petition organiser has the right to request that the Council's Overview and Scrutiny Committee review the steps that the Council has taken in response to your petition. It is helpful to everyone, and can improve the prospects for a review if the petition organiser gives a short explanation of the reasons why the Council's response is not considered to be adequate.
- 7.2 The Committee will endeavour to consider your request at its next meeting, although on some occasions this may not be possible and consideration will take place at the following meeting. Should the Committee determine we have not dealt with your petition adequately, it may use any of its powers to deal with the matter. These powers include instigating an investigation, making recommendations to the Council and arranging for the matter to be considered at a meeting of the full Council.
- 7.3 Once the appeal has been considered, the petition organiser will be informed of the results within five working days. The results of the review will also be published on our website.

## **8. Information and Advice**

For further information or advice, please contact the Democratic Services Team on 01427 676595.

## Governance and Audit Workplan as at 1 April

### Purpose:

This report provides a summary of reports due at Governance and Audit Committee through 2021-2022.

### Recommendation:

1. That members note the plan.

Date	Title	Lead Officer	Purpose of the report	Date First Published
<b>15 JUNE 2021</b>				
15 Jun 2021	Certification of Grants & Returns	Caroline Capon, Corporate Finance Team Leader	Review of the Certification of Grants and Returns	08 June 2020
15 Jun 2021	Unaudited Statement of Accounts 2020-21	Caroline Capon, Corporate Finance Team Leader	Unaudited Statement of Accounts 2020-21	04 January 2021
15 Jun 2021	Review of Whistleblowing Activity	Monitoring Officer	Yearly update report	
<b>20 JULY 2021</b>				
20 Jul 2021	Report to those charged with Governance - EXTERNAL AUDIT COMPLETION REPORT - ISA 260	Caroline Capon, Corporate Finance Team Leader	To present to those charged with governance, the External Audit report on the quality of the Statement of Accounts and Annual Governance Statement 2020/21.	04 January 2021
20 Jul 2021	Annual Fraud Report 2020/21	Tracey Bircumshaw, Assistant Director of Finance and Property Services and Section 151 Officer	To present to members work undertaken to mitigate fraud, report on any instances of fraud and action plan for 2021/22	
20 Jul 2021	Annual Voice of the Customer Report 2020/21	Natalie Kostiuk, Customer Experience Officer	To summarise customer feedback from the year 2020/21 and analyse customer contact and demand data to provide a	

clear view of the voice of the customer.

20 Jul 2021	Audited Statement of Accounts	Caroline Capon, Corporate Finance Team Leader	Audited Statement of Accounts	04 January 2021
20 Jul 2021	Internal Audit Quarter 1 Report 21/22	James Welbourn, Democratic and Civic Officer	From Assurance Lincolnshire	
20 Jul 2021	Internal Audit Annual Report 2020/2021	James Welbourn, Democratic and Civic Officer	Assurance Lincolnshire Report for 2020/2021	
<b>28 SEPTEMBER 2021</b>				
28 Sep 2021	Local Government and Social Care Ombudsman (LGO) Annual Review Letter Report 2020/21	Natalie Kostiuk, Customer Experience Officer	Report on the Local Government and Social Care Ombudsman Annual Review letter 2020/21 covering complaints referred to them between April 2020 and March 2021. Examining upheld complaints, learning actions and benchmarking with other authorities.	
<b>9 NOVEMBER 2021</b>				
9 Nov 2021	Internal Audit Quarter 2 Report 21/22	James Welbourn, Democratic and Civic Officer	From Assurance Lincolnshire	
<b>11 JANUARY 2022</b>				
11 Jan 2022	Draft Treasury Management Strategy 2022-23	Caroline Capon, Corporate Finance Team Leader	Draft Treasury Management Strategy	
11 Jan 2022	Internal Audit Quarter 3 Report 21/22	James Welbourn, Democratic and Civic Officer	From Assurance Lincolnshire	
<b>8 MARCH 2022</b>				

8 Mar 2022	Accounts Closedown 2021/22 Accounting Matters	Caroline Capon, Corporate Finance Team Leader	To review and approve the accounting policies, actuary assumptions and materiality levels that will be used for the preparation of the 2021/22 accounts.  For the External Auditor to explain the process of the External Audit of the Statement of Accounts and approach to the Value for Money audit 2021/22.
8 Mar 2022	Internal Audit Draft Annual Plan 2022/2023	James Welbourn, Democratic and Civic Officer	From Assurance Lincolnshire
8 Mar 2022	External Audit Strategy Memorandum (Plan) for 2021/22	Caroline Capon, Corporate Finance Team Leader	To present the 2021/22 External Audit Strategy from our External Auditors, Mazars.
<b>22 APRIL 2022</b>			
12 Apr 2022	Internal Audit Quarter 4 Report 21/22	James Welbourn, Democratic and Civic Officer	From Assurance Lincolnshire