

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

12 December 2007

1. STATEMENT OF ACCOUNTS 2006/07

Submitted by: Finance Manager

Portfolio: Finance, Resources and Efficiency

Ward(s) affected: All indirectly

Purpose of the Report

To inform Members of changes to the Statement of Accounts which were submitted to you and approved at your meeting of 27 June 2007.

Recommendation

That the amended Statement of Accounts for 2006/07 be approved.

Reasons

If there have been any amendments to the Statement of Accounts, made as a result of the audit of the accounts, since the previous approval the Council are required to approve these revisions.

1. Background

1.1 The Accounts and Audit Regulations 2003 require that the Council's annual Statement of Accounts must be approved by the Council by 30 June 2007. Accordingly, the 2006/07 Statement was presented to you and approved at your meeting on 27 June. At that point the annual audit of the Council's accounts had not taken place. You were informed that if any changes were made to the Statement, the Regulations require that you are made aware of those changes.

2. Issues

2.1 Following the conclusion of the audit in September, it is pleasing to report that an unqualified audit opinion was received. However a small number of amendments were agreed with the District Auditor. These amendments, which are largely of a technical accounting nature, are reflected in a revised Statement of Accounts, which is attached separately to your agenda. The main amendments which it is considered materially affect the Council's financial position are set out in Appendix 'A' (blue paper).

3 Legal and Statutory Implications

3.1 The Accounts and Audit Regulations 2003 require that the Statement of Accounts is approved by the Council and that if any amendments are made to a previously approved Statement these should be reported to a subsequent Council meeting.

4. **Equality Impact Assessment**

4.1 There are no equality issues arising from this report.

5. **Financial and Resource Implications**

5.1 The amendments to the accounts have no overall effect upon the General Fund Revenue Account. The out-turn position remains as reported to you previously.

5.2 The amendments to the Consolidated Balance Sheet consist of amendments to the fixed assets balance, to a number of reserves (none of them containing useable balances) and to debtors and to creditors in order to bring transactions into the correct year of account and to the balance on the Collection Fund. None of these changes affect the resources available to the Council or have any tangible financial implications for it.

6. **Key Decision Information**

6.1 The decision is not included in the forward plan.

7. **Earlier Cabinet/Committee Resolutions**

7.1 The Council meeting of 27 June 2007 approved the draft 2006/07 Statement of Accounts.

8. **List of Appendices**

Amended Statement of Accounts 2006/07.
Appendix 'A' (blue paper), Summary of main amendments to the Statement of Accounts.

2. **LICENSING ACT 2003 - STATEMENT OF LICENSING POLICY**

Submitted by: Legal Services Manager

Portfolio: Community Safety

Ward(s) affected: All

Purpose of the Report

For the Council to adopt the draft Statement of Licensing Policy as its Statement of Licensing Policy for the next three years.

Recommendation

That Council adopt the draft Statement of Licensing Policy as its Statement of Licensing Policy for the period 2008-2010.

1. **Background**

1.1 The consultation draft Statement of Licensing Policy was approved for consultation by the Licensing Committee on the 22 August 2007. The consultation period ran from the 3 September 2007 until the 12 October 2007 and during that time, a consultation exercise was

carried out with the statutory consultees, the Police, the Fire Authority and national organisations representing licensed premises within the area, organisations representing local businesses and residents. The Statement of Licensing Policy was also publicised on the Council's website and in the local press.

1.2 The consultation responses received were set out in the agenda report to the Licensing Committee. These were considered by the Licensing Committee at its meeting on 12 November 2007 when proposed amendments to the consultation draft Statement of Licensing Policy were considered. The amended draft Statement of Licensing Policy, included separately with your agenda, is now recommended to you for adoption.

2. **Implications for Corporate Priorities**

2.1 The four licensing objectives:

- The prevention of crime and disorder
- The prevention of public nuisance
- The promotion of public safety
- The protection of children from harm

all relate directly to the Council's key priorities.

3. **Financial Implications**

3.1 There are no financial implications flowing directly from this report.

3. **LOCAL GOVERNMENT ACT 1972, SECTION 151 APPOINTMENT OF SECTION 151 OFFICERS**

Submitted by: Finance Manager

Portfolio: Finance, Resources and Efficiency

Wards Affected: All indirectly

Purpose

For the Council to appoint a Financial Section 151 Officer and Deputy.

Recommendations

(a) That the Executive Director (Resources and Support Services) be appointed as the Council's Section 151 Officer.

(b) That the Finance Manager be appointed as the Deputy Section 151 Officer.

Reason

It is a statutory requirement that the Council appoints these officers.

1. **Background**

- 1.1 The Council is under a statutory duty under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs and to allocate responsibility for financial administration to one of its officers.

2. **Issues**

- 2.1 Whilst the post of Director of Resources remained unfilled following the departure of the previous Head of Financial Services, the Council appointed the Finance Manager as Section 151 Officer and the Corporate Improvement Manager as Deputy Section 151 Officer.
- 2.2 Now that the Director of Resources post has been filled, it will be necessary to re-appoint the Section 151 Officer and Deputy to replace the existing temporary arrangements. Accordingly, it is recommended that the Council appoint the Executive Director (Resources and Support Services) as its Section 151 Officer and the Finance Manager as the Deputy Section 151 Officer.

3. **Financial and Resource Implications**

- 3.1 There are no financial implications flowing directly from this report.

4. **Earlier Cabinet/Committee Resolutions**

- 4.1 The Council meeting of 24 May 2006 approved the existing temporary arrangements.

4. **PROCUREMENT STRATEGY AND ACTION PLAN 2007-2010**

Submitted by: Procurement Officer

Portfolio: Corporate & Service Improvement

Ward(s) affected: All

Purpose of the Report

To consider and recommend for approval to Council the revised Procurement Strategy and Action Plan/Timescales for improvements.

Recommendations

(a) To review, consider and approve the revised Procurement Strategy 2007 - 2010.

(b) To review, consider and approve the Action Plan (Section 7) of the revised Procurement Strategy 2007-2010.

Reasons

There is a need to review and update the Procurement Strategy 2004 – 2007 in line with the Councils Objectives and Priorities and the continued aims and objectives of The National Procurement Strategy for Local Government.

1. **Background**

- 1.1 In May, 2003 the Council began a review of its procurement practice and strategy for supplies and services and identified a number of areas where some arrangements needed to be made to assist the Council to derive best value from its resources. These were included as part of the Procurement Strategy 2004 – 2007. Actions set out in the original strategy were delivered in part but as part of the Improvement Agenda the Council recognised the need to prioritise and support the function further.
- 1.2 The key role that the efficiency agenda now plays in the delivery of local services means that procurement has increased in importance. As such, procurement is now everyone's concern. In recognising the increasing prominence of procurement, it is important to understand the role that procurement plays in various aspects of the Council's work and this has been reflected in the approach taken to the rewrite of this strategy. To support the implementation of the proposed strategy the Council has invested in a Procurement Officer who has reviewed the original document and incorporated best practice into the revision.
- 1.3 In reviewing its Strategy the Council is responding to work being completed by the Improvement and Development Agency, (IDeA's) National Procurement Strategy for Local Government launched by the ODPM and LGA on 22 October 2003 and subsequent fitness programme undertaken in conjunction with the IDeA on 22 February 2007 and the Council's Objectives and Priorities.

2. **Issues**

- 2.1 In reviewing and revising the Strategy your officers have recognised the need to raise the profile of the procurement processes, procedures, principles, and protocols within the Council. They have recognised a need to heighten the requirements for Sustainable Procurement taking into consideration its potential impact on the local environment, and social wellbeing of the community, they have reviewed the different types of procurement, their values and responsible officers, developed procurement principles adopted in the strategy and devised an action plan supported by all directorates. Procurement principles previously established continue to remain relevant and actions for the future were devised taking into account the Council's revised priorities as set out in the Corporate and Best Value Performance Plan. The action plan appears as section 7 in the Strategy (Appendix 'B' cream paper).

3. **Options Considered**

- 3.1 To do nothing and to continue to run with an outdated Procurement Strategy would reflect on an inability to continually review, challenge and strive to improve the services throughout the Council. The action plan introduced to deliver the revised Strategy gives the Council an opportunity to embed improved processes, procedures, policies and protocols within the day to day activities of procuring products and services by officers/buyers throughout the Council.

4. **Proposal**

- 4.1 That Members review the action plan and timetable found in section 7 of the revised Procurement Strategy that aims to deliver the strategy over the next 3 years.
- 4.2 That Members approve the Procurement Strategy and action plan in its entirety.

5. **Reasons for Preferred Solution**

- 5.1 The proposed, revised Strategy reflects best practice by incorporating the recommendations made from the IDeA peer review of the function and learning from research on current methodologies.
- 5.2 It also demonstrates a willingness to improve procurement practices across the Council, leading to an improved level of service and increased efficiencies.

6. **Outcomes Linked to Corporate Priorities**

- 6.1 The revised Procurement Strategy supports in the main, the Council priority to transform our Council to achieve excellence. It also contributes to the priority 'Creating a Borough of Opportunity,' in terms of providing information to potential suppliers on how to do business with the Council and engaging with the voluntary sector for services. By considering environmental and sustainability issues it also contributes to the priority of, 'Creating a cleaner, greener and safer Borough.'

7. **Legal and Statutory Implications**

- 7.1 There are no new legal or statutory implications.

8. **Equality Impact Assessment**

- 8.1 All major procurement shall recognise the impact on the social, economic and environmental wellbeing within the Borough. We will strive to offer equality and diversity in all our procurement transactions. We will strive where practicable and possible to utilise local labour, materials and services. We will aim to support the growth in modern apprenticeships and where there is a requirement for sub-contract work, as part of major projects, investigate with the approved service provider/contractor the use of local labour.

9. **Financial and Resource Implications**

- 9.1 At this stage there are none, however, where resource issues are identified as part of the implementation of the action plan, these will be brought to future Cabinet meetings.

10. **Major Risks**

- 10.1 Please find full risk assessment at Appendix 'C' (Orange Paper).

Areas of high risk can be summarised as follows:

- Failure to identify the financial support to the new service, whether from current sections or as a new establishment.
- Failure to meet legislative requirements.
- Failure to identify key areas for improvement.
- That the Council's corporate commitment and priorities are not delivered.
- Failure to provide efficient staff with skills, knowledge and capacity to support the delivery of appropriate procurement options.
- Business needs are not communicated.
- Council fails to innovate and develop new methods.
- Council is unable to adapt processes, procedures, policies, and protocols to support immature and emerging markets and opportunities or benefits are missed.
- Failure to provide efficient staff capacity to support the assessment and delivery of new methods of service and to evaluate immature and emerging markets.

11. **Key Decision Information**

11.1 The revised Strategy is mentioned in the Forward Plan.

12. **Earlier Cabinet/Committee Resolutions**

12.1 No earlier Cabinet/Committee Resolutions apply.

13. **List of Appendices**

13.1 Appendix 'B' – Corporate Procurement Strategy 2007 -2010

13.2 Appendix 'C' – Risk Assessment

14. **Background Papers**

14.1 National Procurement Strategy for Local Government

14.2 IDeA Procurement Fitness Programme Report

14.3 'Transforming government procurement' (January 2007)

14.4 Borough of Newcastle-under-Lyme Corporate Plan 2007-8 to 2011-12

5. **STANDING ORDERS**

Submitted by: Procurement Officer

Portfolio: Finance, Resources & Efficiency

Wards Affected: All

Purpose of the Report

To report that a review of the Council's Standing Orders in relation to contracts has been undertaken and to seek approval of the proposed changes.

Recommendation

That the Council adopts the revised Standing Orders in Relation to Contracts to come into effect at the meeting of the Council on the 12 December 2007.

1. **Background**

1.1 Standing Orders have been revised to:

- reflect changes in the organisational structure;
- provide up dated EU Threshold figures for contracts;
- to provide a means by which business continuity can be assessed as part of risk analysis in major contracts.

2. Issues

2.1 The proposed changes of substance are set out for your consideration as follows and all changes are highlighted in *blue italics* in the copy of Standing Orders at Appendix 'D' (salmon paper).

(1) The standing orders have been divided into divisions to aid the user in referring to them. The divisions used are:

- A. Scope of Standing Orders as to Contracts**
- B. Common requirements**
- C. Conducting a purchase or disposal**
- D. Contract and other formalities**

(2) **Scope of Standing Orders as to Contracts:** Greater clarity continues to be provided in the 'Basic Principles' set out in this section to ensure that the principles of non-discrimination, equal treatment and transparency are applied.

- Following the restructuring exercise within the Borough Council key lines of reporting have been updated to reflect these changes.

(3) **Common requirements:** There are no changes within the common requirements, however modifications have been made:

- Following the restructuring exercise within the Borough Council where key lines of reporting have been updated to reflect these changes.

(4) **Conducting a purchase or disposal:** This division continues to set out the different ways of treating low (£0-£3,000), intermediate (£3,000-£50,000) and high value procurement (>£50,000). In support of risk analysis as part of high value procurement your Officers have highlighted the need to review the need to strengthen its Business Continuity approach. Business continuity planning and disaster recovery planning are fundamental to the well being of an organisation. Clearly, they are intended to ensure continuity in the face of unforeseen or difficult circumstances.

- To aid this process your Officers have drafted the a 'Business Continuity Questionnaire', which is to be completed as part of the risk assessment process by all service providers, suppliers and contractors who undertake to tender for major contract work for and on behalf of the Newcastle-under-Lyme Borough Council.

(5) **Contract and other formalities:** A further improvement to details on what to include in a contract has been included, e.g. Business Continuity.

(6) The values above which the European Union Laws apply have been updated in the document.

3. Financial Implications

3.1 There are none, however, the review and application of these revised standing orders should continue to ensure that the Council operates more efficiently in terms of tendering and awarding contracts.

4. **Alignment with Strategic Priorities**

4.1 **Transforming the Council to achieve excellence**

Improvements to standing orders and the effect of the realignment of responsibilities contributes to this priority. The implementation of these standing orders and compliance with them will help to prevent the occurrence or likelihood of fraud and corruption.

4.2 **Strategic Risks**

Compliance to and approval of these regulations will help to:

- Reduce the risk of the Council breaching statutory duties and obligations,
- Prevent fraud and corruption,
- Ensure adequate insurance, identification and reduction of risks.

As well as helping to:

- Avoid contractor/ supplier failure and any significant repercussions,
- Major budgetary variations,
- Failure of major projects and new initiatives and
- Financial practices failures.

6. **NEWCASTLE TOWN CENTRE AREA ACTON PLAN**

Submitted by: Directorate for Strategy, Development and Regeneration

Portfolio: Regeneration & Planning

Ward(s) affected: Mainly Town, but also parts of Cross Heath, Clayton and Thistleberry

Purpose of the Report

To inform Members of the current situation concerning the Area Action Plan for the Town Centre and consider the recommendations of the Planning Committee on the way forward.

Recommendation

That the Secretary of State for Communities and Local Government be requested to issue a direction to the Council to withdraw the AAP for the Town Centre

Reasons

If the AAP is not withdrawn, the Council would need, eventually, to proceed to a hearing with the inspector appointed to assess it. He has made it clear that he is unlikely to judge it "sound" under the terms of the Planning and Compulsory Purchase Act. The item is brought to Council as it concerns a "development plan document" and the decision on it cannot be made by a committee or the Executive. However, Planning Committee has already considered the matter in detail and supports withdrawal of the AAP.

1. **Background**

- 1.1 The Area Action Plan for the Town Centre was submitted to the DCLG, in accordance with the agreed programme, at the end of May 2007. The period for representations ended on 11 July and within a week, all the relevant information, including details of supporting evidence and all representations, was sent to the Planning Inspectorate (PINS.) An inspector was appointed by PINS at the end of August.
- 1.2 The appointed inspector contacted the Council noting that he had a number of concerns about the AAP. He therefore requested an "Exploratory Meeting", which was held on 25th September. The result of the meeting was that the inspector wrote to the Council making it clear that it is very unlikely that he would find the plan "sound". (This is the term used in the plan making system to denote the compliance of a development plan document with a set of criteria laid down by DCLG.) He asked for a decision within a matter of weeks as to whether the Council wished to proceed directly to a hearing. It was resolved by Planning Committee on October 23rd, to inform him that we did not. However, it was noted that a formal decision was required on whether to seek withdrawal of the AAP, and such a decision can only be made by the full Council.
- 1.3 The inspector's judgement was delivered in a letter which has been posted on the Council's website. The key passage is as follows:

"In brief my concerns are that the AAP places too heavy a reliance on regulatory policies; that these policies are, in many instances, simply a repetition of national guidance; that the AAP contains relatively few positive proposals and, where it does, information as to how these will be implemented or who they will be implemented by or with is sparse. Consequently I have doubts as to whether the AAP would meet soundness test vii, which requires clear mechanisms for implementation and monitoring, or soundness test iv which requires that it be a spatial plan and that it has proper regard to any other relevant plans, policies or strategies relating to the area.
- 1.4 Clearly the inspector's views are very disappointing, but they need to be seen in the context of recent experience with the new plan making system. When the Government brought in the new system, AAPs were put forward as one of the optional Development Plan Documents that local planning authorities should consider preparing. They are not compulsory. Many authorities have decided to prepare only Core Strategies, and this appears to be the current national preference, at least that Core Strategies should be the priority. Officers recommended in 2004 that we prepare an AAP for the Town Centre, as it appeared to be appropriate given the guidance in PPS12. However, experience here and elsewhere since that time has indicated that PINS' interpretation of PPS12 makes what the Council hoped to achieve inappropriate for an AAP. Evidence across the county shows that of the 25 AAPs submitted, only 9 have so far been assessed as "sound".
- 1.5 Planning Committee on 21 November received and considered a detailed report on the AAP seeking decisions on two issues: whether to seek withdrawal of the AAP; and, if so, how to proceed subsequently. It was noted that a useful dialogue had taken place with Government Office (GOWM) to assist officers in putting forward their recommendations. In addition, on the afternoon of the Committee, an email was received from the MP for Newcastle under Lyme and its contents were made known at the meeting. The details set out below represent a brief summary of the report and additional issues raised at the meeting. Only the decision whether to seek withdrawal of the AAP needs to be ratified by Council. However, consideration of subsequent action is strongly related and therefore this issue is briefly covered as well. A copy of the minutes of the Planning Committee is included in your agenda.

2. **Withdrawal of the AAP**

- 2.1 If a hearing were to take place, it would be held by the same inspector. The view of your officers remains the same as reported in October; that from his initial comments, it is very unlikely indeed that the inspector would find the AAP "sound". If we did decide to proceed to a hearing, the inspector would take time to read all the supporting evidence and open the hearing. He could then decide to close it very quickly and simply repeat his earlier comments, saying that he had seen nothing that would alter his view. The Council would then have to pay the inspector for the time taken (currently at £879 per day and rising to £993 after March 08.) Clearly costs will have already been incurred but we will not know how much until the matter is formally terminated.
- 2.2 Officers recommend that there would be nothing to be gained from a hearing on the AAP in front of the inspector who has been appointed, and that the Council should seek its withdrawal.
- 2.3 Under the terms of the Planning and Compulsory Purchase Act, a Council cannot withdraw a Development Plan Document once it has been submitted, unless directed to do so by the Secretary of State. For that reason, should the Council wish to withdraw the AAP, it would be necessary to request such a direction.

3. **How to proceed following withdrawal**

- 3.1 If the decision recommended above is taken, the first thing that needs to be established that although the word "withdrawal" is used, there is no implication that the Council wishes to withdraw *its proposals* for the Town Centre. This is an important message, and needs to be emphasised. Whatever subsequent action is taken, the aim will be to ensure that the Council is able to be in the best position possible to implement its vision for the Town Centre.
- 3.2 There are two options:
- To prepare a new AAP and submit it again, when ready, to DCLG and PINS
 - To use other methods within the planning system
- 3.3 Under the first option, we would need to decide how far back in the process to restart the preparation. Government Office indicate that they are willing to assist Council officers in determining this matter, but as yet no precise guidance has been given. However, officers recommended to the Committee that there was no point in pursuing the matter further, for two reasons. The first is that it was clear from the exploratory meeting that what the Council wants to achieve through the AAP is unlikely ever to be acceptable to PINS, given the way they interpret the guidance. The AAP as drafted contains a large number of regulatory policies, including many on design, and although regulatory policies are not outlawed altogether by PINS, it is clear that the emphasis placed on such policies in the AAP is quite unacceptable to them. The second reason is that the inspector confirmed that any agreement reached with Government Office would not be binding on a future inspector, who might find the plan "unsound" on procedural grounds. There would therefore be a risk that further resources would be wasted.
- 3.6 The alternative approach would involve preparing a Supplementary Planning Document (SPD), which Government Office have advised would be acceptable in principle, though they have identified some disadvantages, which were referred to in detail in the report to Planning Committee. In addition to the SPD, some aspects of the AAP can also be incorporated into the Core Strategy currently being prepared. This would have the great advantage of giving

Development Plan status to the high level strategy, while at the same time providing a starting point for the SPD

- 3.7 One further advantage of using the SPD route was noted in the report to Planning Committee. Members will recall when the SPD on Developer Contributions was prepared, the system set down in government guidance allows for a draft document to be publicised for consultation prior to adoption. In the case of DPDs (such as the AAP), with the emphasis on "front-loading", there is as yet no final consultation stage prior to submission. (The Planning White Paper has indicated that this might be re-introduced in the future.) This additional round of consultation should prove valuable.

4. **Conclusions**

- 4.1 The Planning Committee resolved to support a request to be made to the Secretary of State for Communities and Local Government that a direction be issued to the Council seeking withdrawal of the Area Action Plan for the Town Centre.

5. **Options considered and reasons for preferred solution**

- 5.1 Consideration of the options was the main area of discussion at the Planning Committee. The decision whether to seek withdrawal or not is driven largely by issues of risk and cost. In the officers' opinion, the clarity with which the inspector expressed his view clear makes it very unlikely that he would judge the plan to be "sound".

6. **Outcomes Linked to Corporate Priorities**

- 6.1 Whichever method is chosen for setting the Council's vision in a planning document, it would necessarily be linked to all the corporate priorities.

7. **Legal and Statutory Implications**

- 7.1 The Council has a responsibility to prepare a Local Development Framework for its area, but the Core Strategy is the only compulsory Development Plan Document. All others, and Supplementary Planning Documents, are at the Council's discretion.

8. **Equality Impact Assessment**

- 8.1 An Equality Impact Assessment on the whole of the planning policy service was carried out in 2006 in accordance with the corporate programme.

9. **Financial and Resource Implications**

- 9.1 As referred to above, cost is one of the issues involved in the decision. The budget already contains sufficient funds for a hearing, but it is not considered that this would be good use of resources. The decision by Planning Committee to continue the process through the preparation of a Supplementary Planning Document will not add any costs to those previously envisaged. In fact, in the medium term, there will be a saving in that no hearing will be required.

10. **Major Risks**

- 10.1 It is the officers' opinion that continuing to a hearing (ie not withdrawing the AAP) would run a serious risk of additional resources being wasted. The risk in subsequently preparing SPD rather than another AAP would be an insufficiently robust planning framework, but this will

be mitigated by transferring certain aspects to the Core Strategy (as discussed above) and must in any case be balanced against delay.

11. **Background Papers**

The letter from the inspector and the notes of the Exploratory Meeting - both posted on the Council's website in the page on the AAP.

7. **REVISED FINANCIAL REGULATIONS**

Submitted by: Finance Manager

Portfolio: Finance, Resources and Efficiency

Wards Affected: All

Purpose

To approve revised Financial Regulations and Procedures.

Recommendation

That the revised Financial Regulations and Procedures be approved.

Reason

It is important that the Council's Financial Regulations and Procedures are reviewed regularly and revised where necessary so that they reflect the current structure and requirements of the Council.

1. **Background**

1.1 Financial Regulations are designed to ensure that the Council's financial affairs are conducted in a proper, standardised and accountable manner. They set out for officers and Members the practices and procedures which must be followed when dealing with financial and allied matters.

1.2 The Regulations comprise Key Regulations and associated Financial Procedures. The Key Regulations set out the general principles which are to be followed and the Financial Procedures set out in detail the procedures which must be followed. This is in accordance with the best practice format as recommended by the Chartered Institute of Public Finance and Accountancy.

1.3 The current Regulations were approved by the Council on 25 May 2005. They, therefore, do not reflect the current Council management structure and responsibilities. Accordingly, revised Regulations have been compiled, in consultation with the Chief Executive, Monitoring Officer and the Audit Manager, and are now submitted for your consideration and approval.

Issues

2.1 The revised Regulations are appended to this report at Appendix 'E' (yellow paper).

2.2 The changes which have been made, compared to the current Regulations, are largely those required in order to reflect the present management structure. The proposed change of title of the Audit and General Purposes Committee to Audit and Risk Committee and its amended role have also been taken account of. Some of the Monetary Amounts shown on pages 6 and 7 of the Regulations have also been amended to keep them in line with current prices. Additionally, the revised arrangements for the appraisal of capital and other improvement projects have been incorporated in the Regulations. Otherwise changes are generally confined to those areas where revised practices and procedures require an amendment or where wording has been changed to make the meaning of a Regulation or Procedure clearer. The previous revision of the Regulations in 2005 already provided for increasing the use of technology in order to discharge the Council's financial functions and it has not been necessary to make further amendments to permit this.

3. **Financial and Resource Implications**

3.1 There are none.

4. **Appendices**

Financial Regulations and Procedures - Appendix 'E' (yellow paper).

8. **REVIEW OF POLLING DISTRICTS AND PLACES**

Submitted by: Returning Officer/Democratic Services Manager

Portfolio: Corporate and Service Improvement

Wards Affected: All

Purpose of the Report

To report on the review of polling districts and polling places that has been carried out.

Recommendations

(a) That the polling place for all polling districts be defined as the polling district, unless special circumstances make it desirable to designate an area wholly or partly out the district.

(b) That those changes to existing polling districts, as outlined in the appendix to the report, be approved.

Reason

Designation of the polling district as polling place allows discretion to utilise any suitable location in the district and changes proposed make voting more accessible for electors.

1. **Background**

1.1 The Electoral Administration Act 2006 placed a duty on the Council to carry out a review of all polling districts and places in its area before 31 December 2007. The aim of the review

was to ensure that all electors in a constituency have reasonable and practicable facilities for voting, in particular, accessibility for the disabled. The Act also states that a full review should be carried out every 4 years with ongoing reviews taking place during this period. This initial review will help simplify future reviews now that a complete database has been compiled.

- 1.2 In mid July a letter was sent to all Members seeking their views on the suitability, or not, of polling stations in their area. A notice on the Council's website also sought comments from any interested party.

2. **Issues**

- 2.1 As a result of this consultation most comments from Members confirmed a general level of satisfaction with the allocation and number of polling stations in their areas, however one or two areas of concern were expressed. Officers have carried out a review of all polling stations in the Borough which has resulted in a comprehensive database being compiled.
- 2.2 Most stations have been in use for many years and changes have only been made when absolutely necessary in order to avoid unnecessary confusion to voters. Changes or closures have generally been as a result of buildings becoming unsafe or no longer in existence. The Council currently makes use of 2 mobile cabins at election time, one at the junction of Harper Avenue and Bentley Avenue (Cross Heath ward) and the other at the play area Moreton Close (Ravenscliffe ward). Both of these stations are costly, both in terms of hire charges and officer time awaiting delivery and connecting to electricity supplies. The cabin in Moreton Close no longer has a suitable mains supply so it has been necessary to also hire a generator, together with portaloos for both stations. Both stations received slightly below average turnout at the last elections. Ideally it would have been better if alternative locations could have been found, but following consultation with ward councillors for Cross Heath they considered that the use of this station was the only satisfactory solution as no alternative was available. As regards the cabin in Moreton Close, this station covers a wide area in a large residential area and again no possible alternative.
- 2.3 Chesterton Community Centre is now in Holditch ward following the boundary review in 2002 but a small number of electors (approx 200) from Chesterton ward also use this station. A proposal to re-allocate these electors to Kent Grove Meeting Hall was not deemed suitable by a ward councillor because of the incline to be negotiated and a more convenient alternative, the United Reformed Church, Victoria Street was suggested. This will be investigated by officers to check availability and suitability.
- 2.4 One station, the subject of various concerns over recent years is Dove Bank CP School. Voters at this station have had to negotiate a series of very steep steps to reach the polling station. This station is used by voters in both Kidsgrove and Ravenscliffe wards. A more user friendly alternative was identified by a ward councillor, Birchenwood Pavilion. The voters from Ravenscliffe ward who currently use Dove Bank School could be reallocated to the Pavilion. In conjunction with this proposal to no longer use Dove Bank Primary School there have been further proposals from some of the ward councillors from Kidsgrove regarding a number of changes to electors allocated to other stations in the ward. These proposed changes would aim to make the process of voting more convenient for the inhabitants of Kidsgrove and are identified in Appendix 'F' (gold paper).
- 2.5 Whilst this is the only significant change being proposed at the current time, the review has highlighted the need to continually monitor stations, and certainly on election day resources will be made available to carry out more detailed inspections, particularly with regard to station layout and access. Also the review has highlighted one or two areas that, whilst not currently urgent, are in need of review. These areas include the close proximity of 2 stations

in Thistleberry ward and the potential closure of a school in Talke ward which will need to be addressed shortly.

3. **Legal and Statutory Implications**

- 3.1 The Electoral Administration Act 2006 (Part 4) placed a duty on Councils to carry out a review of all of its polling districts and places before 31 December 2007.

4. **Financial and Resource Implications**

- 4.1 There are no cost implications identified in this report but there have been resource implications in carrying out the review, which have been absorbed into day to day duties.

5. **List of Appendices**

Appendix 'F' List of Proposed Changes Kidsgrove and Ravenscliffe wards.

Main Amendments to the 2006/07 Statement of Accounts

As stated in the agenda report, the following adjustments are technical in nature and are described below.

1. An invoice for £33,929 relating to pension payments in respect of 2006/07 had not been accrued for with the result that the payment appeared in the following year's accounts. This has been amended so that the payment is recorded in the 2006/07 accounts.
2. The amount due in respect of contributions to the National NNDR Pool has been amended from £27,312,616 to £26,943,813 (a reduction of £368,803) to agree to the final NNDR return to the government. This means that the Collection Fund now shows a surplus for the year of £290,077 rather than a deficit of £78,726 and the debtors balance in the Consolidated Balance Sheet has been increased by £368,803.
3. The Government Grants Deferred Account has been written down by an amount of £2,953,667. This has been done as a prior year adjustment which means that the adjustment was made to the opening balance on the account with the balance at 31 March 2006 shown in the Balance Sheet being amended. A corresponding reduction has been made to the Capital Financing Account. The reason for this adjustment is that it is an accounting requirement that where assets which are subject to depreciation have been financed in whole or part from grants or other external contributions the amount of the grant or contribution should be written down to the revenue account in equal annual sums over the period the asset is depreciated. Because, until 2004/05, the Council did not keep detailed records of those assets which had been financed in this way this write down could not be made in respect of many assets and a balance, therefore, had built up on the Government Grants Deferred Account. In order to remove this balance it was agreed with the auditor that a write down of the total amount would be appropriate.
4. As part of the process of carrying out a rolling programme of revaluations, the valuation of Knutton Recreation Centre as recorded in the Council's Asset Register and in the Balance Sheet has been reduced by £441,324, largely as a result of a re-assessment of its remaining useful life from 60 to 20 years. In the draft accounts this reduction was treated as a normal revaluation, reducing the value of Fixed Assets with a corresponding increase in the Fixed Assets Restatement Reserve balance. It was agreed with the auditor that it would be appropriate to treat the reduction as arising from impairment, which requires a change in accounting practice in that the amount of the impairment (£441,324) is written off to the revenue account, compensated for by a transfer from the Capital Financing Account. Accordingly this has been done. The Fixed Asset Restatement reserve balance has, therefore, been reduced by £441,324.
5. Note 32, which relates to a reconciliation of the revenue cash flow as shown in the Cash Flow Statement to the Income and Expenditure Account surplus/deficit has been amended. Previously the reconciliation was to the final surplus/deficit on the General Fund (i.e. after taking account of transfers to and from reserves). This has been amended so that the reconciliation is to the deficit on the Income and Expenditure Account.
6. A pension adjustment required by Financial Reporting Standard 17 (FRS17) relating to unfunded pensions benefits had which had been made directly to the Pensions Reserve should have been credited to the Revenue Account in the first instance and then reversed out of the Revenue Account by an appropriation from the Pensions Reserve. This adjustment has no overall effect on the General Fund Revenue Account.

Newcastle-under-Lyme Borough Council

Procurement Strategy

2007-2010

Procurement concerns the acquisition of all goods, works and services. It relates to all expenditure by the Council with the exception only of staff costs (i.e. salaries and wages).

Procurement encompasses every aspect of the purchasing process from determining the need for goods, works or services, to buying and delivery in order to help achieve the organisation's key priorities and outputs. Purchasing is central to the management of any operation.

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1. EXECUTIVE SUMMARY

1.1 The aim of this procurement strategy is to set a clear framework for procurement throughout the Authority, which reflects the Council's Corporate Plan, provides a framework for Best Value and which stands alongside the Council's Contract Standing Orders and Constitution. It also sets out an action plan for achieving the corporate approach to procurement as set out within the strategy.

1.2 In considering the corporate priorities and values and the requirements of best value, the following procurement objectives have been set:

- To ensure that the procurement process is clear and focused in the first instance on achieving value for money.
- To ensure that the procurement options are chosen on the basis of the degree to which they fulfil the Council's corporate commitments and priorities and those of specific services.
- Where appropriate, to seek out and develop new methods of service delivery in immature and emerging markets.
- To ensure that in choosing the best value procurement method, the process of balancing cost against community benefit is made in a transparent way and can be supported with clear evidence.

1.3 To ensure that these policies are implemented, the following key actions will be pursued:

- The procurement function within the Council will continue to be strengthened.
- Current procurement skills will be identified and a strategy will be prepared to address any shortfall in skills requirements.
- The Council will draw up and publish its strategy for implementing its forward plan for service delivery. This will set out the Council's likely demand, in broad categories, for goods, works and services from outside suppliers in the medium term.
- There will be a review of how the Council's social, economic and environmental policies may be promoted by its procurement procedures. For example, by considering how local businesses can be 'encouraged' to establish new markets and the effects of procurement decisions on local and national/world environments (e.g. reducing waste, using environmentally friendly materials, energy efficiency).
- Political responsibility for procurement will be strengthened by exploring the means by which Council members may take more of a strategic role in securing quality outcomes from procurement decisions.

- **The Council will take action to ensure that, when dealing with staff transfers, TUPE and workforce requirements continue where legally possible, to be fully adopted.**

2. INTRODUCTION

What is procurement?

- 2.1 Procurement is the whole process of obtaining supplies, services and construction works, spanning the life cycle of the asset or service contract. 'Life cycle' is defined as being from the initial concept and definition of the business need through to the end of the useful life of the asset or end of the service contract.
- 2.2 The term 'procurement' has a far broader meaning than that of purchasing, buying or commissioning. It is about securing services and products that best meet the needs of users and the local community in its widest sense. This strategy provides a common framework within which all procurements by the Council are to be managed.
- 2.3 The Council will apply the principles of best value to ensure value for money in its procurement of money supplies, services and construction works by:
 - Adopting the life cycle approach to the assets or contract
 - Applying effective and up-to-date procurement procedures
 - Ensuring procurement helps deliver the Council's key corporate priorities.

Background

- 2.4 In May, 2003 the Council began a review of its procurement practice and strategy for supplies and services and identified a number of areas where some arrangements need to be made to assist the Council to derive best value from its resources.
- 2.5 The key role that best value now plays in the delivery of local services means that procurement has increased in importance. As such, procurement is now everyone's concern. In recognising the increasing prominence of procurement, it is important to understand the role that procurement plays in various aspects of the Council's work and this has been reflected in the approach taken to this strategy.
- 2.6 In reviewing its Strategy the Council is responding to work being completed by the IDeA's **National Procurement Strategy for Local Government** launched by the ODPM and LGA on 22nd October 2003 and subsequent fitness programme undertaken in conjunction with IDeA on 22 February 2007
- 2.7 Identification of the need to strengthen and improve the efficiency of the procurement function within the organization, this has been achieved by restructuring and recruiting an officer to address procurement issues and enable change as identified by the corporate improvement team.
- 2.8 Consequently, the Council is reviewing annually its procurement activities as the focus of excellence for procurement and the drive for mandating,

modernising and monitoring procurement across the Council. This strategy sets out:

- *The priorities for procurement in 2007/10 in supporting the Council's strategic commitments and where applicable those of the National Procurement Strategy.*
- *The principles, which underpin procurement activity across the Council.*
- *The nature of the Council's procurement activity and building on what has been achieved in 2004/07.*
- *Key targets for procurement, in the form of an action plan, in 2007/10.*

2.9 The purpose of this strategy is to communicate clearly to all stakeholders, operational managers, directors, professional advisors and suppliers in the private and voluntary sectors the Council's vision for the way forward in its procurement of services, supplies and works so that they may play a meaningful role in the implementation of that vision.

2.10 This procurement strategy will be available to all key stakeholders, suppliers, and potential suppliers in electronic or paper format. Comments and views are welcomed so that we can develop the strategy in future years.

2.11 The strategy itself is laid out in three chapters as follows:

- **Current arrangements** outlines how procurement is currently being managed within the Authority.
- **Procurement policy** sets out a procurement policy to guide the procurement strategy and the best value processes put in place to support it.
- **Priorities for further action and action plan** - to implement the procurement strategy throughout the Authority.

3. CURRENT ARRANGEMENTS

3.1 This part of the document explains:

- How procurement is currently organised at the Council.
- How much the Council spends on procurement.
- How it is spent.
- Who spends the money.

How Procurement is currently organised at the Council

3.2 Procurement of services, goods and assets are regulated by standing orders in relation to contracts and by financial regulations. Within directorates, these requirements have in some cases been embodied in office instructions and other procedure notes designed to provide guidance to staff who are involved in day-to-day procurement decisions.

3.3 In some Councils there is strong central control over the way contracts are procured and managed. Here, there is a decentralised and devolved structure; directorates have freedom to act independently, although in the majority of cases there are lead directorates/services responsible for securing significant items of a specialist nature on behalf of the Council (e.g. all information and communication equipment through ICT Services).

3.4 Some examples of major spend and the relevant directorates/services are shown below.

| Classification | <u>Lead Directorate/Service</u> |
|---|--|
| Property Management | Assets & Operations (Property) |
| Recruitment Advertising | Resources (H.R.) |
| Computer Supplies - Hardware and Software | Resources (ICT) |
| Insurance Services | Resources (Democratic) |
| ICT Technical Support | Resources (ICT) |
| Legal Services | Resources (Legal) |
| Office Supplies | Resources (Democratic) |
| Printing | Strategy Development & Regeneration (Communications) |
| Grounds Maintenance | Assets & Operations (Street scene) |

| Classification | <u>Lead</u> <u>Directorate/Service</u> |
|------------------------------------|---|
| Housing | Strategy Development & Regeneration (Community Partnerships) |
| Street Cleansing, Waste Management | Assets & Operations (Street Scene & Waste) |

- 3.5 There is no training for procurement policy or strategy. The Council's Resources, Strategy Development and Regeneration Directorates provide training for standing orders in relation to contracts and financial regulations and also ongoing advice.

How Much the Council Spends on Procurement

- 3.6 In the past there has been limited corporate direction and co-ordination of procurement issues this has been mainly through compliance with standing orders, financial regulations and budgetary control. Management information is limited and as a result, it is not readily possible to precisely identify the nature and scope of the Council's purchasing activities and it is not clear exactly what major contracts are in place.
- 3.7 Review work has indicated that in 2006/07 the Council's total expenditure through accounts payable was £17.55m. This sum comprised of capital spending of £3.9m and revenue of £13.65m.

How it is Spent

- 3.8 A broad analysis of the Council's accounts payable expenditure in 2006/07 on goods, works and services revealed that during the year the £17.55m was spent with approximately 1,408 suppliers, of that £13.85m was spent with 95 suppliers (value of payments over £30,000), the remaining £3.7m with 1,313 suppliers.
- 3.9 The present finance system provides details of the number of transactions, i.e. the codes payments are coded to, in a given year. The number of invoices received in the review period amount to 12,945 and cheque payments made total 12,910.

A one off exercise of transactions gave the following information.

| Value of Payment 2006/07 | £m | Number of Trans | % of Trans | Number of Suppliers | % of Suppliers |
|-----------------------------|--------------|--------------------|---------------|------------------------|-------------------|
| Under £1,000 | 0.25 | 10,477 | 80.9 | 760 | 54.0 |
| £1,000 to £2,000 | 0.23 | 971 | 7.5 | 157 | 11.2 |
| £2,000 to £5,000 | 0.54 | 852 | 6.6 | 176 | 12.5 |
| £5,000 to £10,000 | 0.77 | 326 | 2.5 | 107 | 7.6 |
| £10,000 to £20,000 | 1.15 | 142 | 1.1 | 81 | 5.7 |
| £20,000 to £30,000 | 0.76 | 67 | 0.5 | 32 | 2.3 |
| Over £30,000 | 13.85 | 110 | 0.9 | 95 | 6.7 |
| Total | 17.55 | 12,945 | 100 | 1,408 | 100 |

The number of transactions has increased in 2006/07 by 48%. The value of spend has reduced from £20.2m in 2003/04 to £17.55m in 2006/07.

Who Spends the Money?

- 3.10 Of the **£13.85m** spent with **95 suppliers**, (all amounts over £30,000) the following table demonstrates where the Council has freedom to procure:-

| Procurement 2006/07 | £m |
|--|-------------|
| Total spent with suppliers over £30,000 | 13.85 |
| LESS | |
| No procurement options <i>e.g. grants, I.R, e.t.c</i> | 5.05 |
| Open to procurement options | 8.80 |

- 3.11 Of the **£8.8m** paid to suppliers it was spent by the following directorates:-

| Service procurement 2006/7 | £m |
|-------------------------------------|-------------|
| Resources | 1.13 |
| Assets & Operations | 2.93 |
| Community Services | 0.80 |
| Strategy, Planning and Regeneration | 0.51 |
| Capital Expenditure | 2.81 |
| Other* | 0.62 |
| | 8.80 |

*amounts paid to suppliers which have not been directly apportioned to a specified service area.

- 3.12 In total it is estimated that no more than £8.80m is spent per annum in areas where the Council is free to procure.

4. PROCUREMENT POLICY

The Corporate Context

- 4.1 Procurement must be seen in the context of the Council's overall priorities. All too often the driving force has in the past been very focused on economy, e.g. under the previous Compulsory Competitive Tendering regime. Whilst this remains an essential ingredient of best value, it is also important that procurement decisions are taken in light of the broader priorities that the Council has identified. It is inevitable that for a public body, effective procurement must be measured as much by the social outcomes and community benefits that result as by the financial gains. Balancing these two dimensions is at the heart of effective best value procurement.
- 4.2 To understand the community benefits the Council is seeking to achieve it is necessary to consider the Council's corporate vision, core commitments and overall priorities. These are set out in the Council's Corporate Plan 2007-2010 and are as follows:

Council Vision and Outcomes

Our new role involves the Council in a much wider community leadership using our power of wellbeing. We are also increasingly focusing on outcomes (the real effects felt by people in our community) rather than the processes behind these. Coordination of this work is the Newcastle Community Strategy, developed with a range of organisations such as the Primary Care Trust, the Police and a range of voluntary organisations.

Council Commitments:

1. We aim to deliver **excellent services** to our communities.
2. We will ensure sustainability by taking a responsible approach in all our activities so we can **minimise our impact on the environment**.
3. We **respect our employees** and value the contribution they make to our success.
4. We will **act in a fair, open, and honest way with integrity and impartiality**, following ethical standards.
5. We will **engage with the public, partners, and others, valuing them as we do our staff**.

Council Priorities:

- Creating a **Cleaner, Greener and Safer Borough**. We aim to improve the environment so that everyone can enjoy a safe, sustainable and healthy Borough and enhanced quality of life.
- Creating a **Borough of Opportunity**. By working with our partners to maximize investment in employment generating activities that will create opportunities for improving the wealth and prosperity of the Borough's residents.
- Creating a **Healthy and Active Community**. We will work with partners to ensure residents and visitors are able to access a range of facilities and activities that will enable them to improve their health and quality of life.
- Transforming our Council to **Achieve Excellence**. We will create the maximum positive effect on the quality of life for the communities of Newcastle-under-Lyme. This will be achieved by delivery of excellent services that the public want and need and deliver them in the most effective and efficient way possible with the resources we have at our disposal.

Corporate Procurement Policy

4.3 In support of best value and recognising the requirements of the above statements, the following policy has been developed:

Vision

To obtain best value through planned and skilful procurement, in respect of all goods, works and services sought by the Council.

Procurement Principles

Procurement principles have been established that aim to support the Council's commitments and strategic priorities. These are summarised below:

1. **Management and Control of Contracts**

This is a major factor in the success or failure of a contract. Arrangements shall ensure that all contracts are adequately managed and monitored with a view to achieving completion of service delivery on time, within budget, and in accordance with specification.

2. Assessing Minimising and Reviewing Risk

All projects contain some element of risk. Risk analysis and management should be developed for both the procurement process (for larger or high risk projects) and for the contract itself. The risks associated with all procurement shall be assessed and minimized accordingly. It is important that lessons are learned (what went well, what didn't go well), in order to inform future procurement decisions. Problems encountered in a project should be fed into risk analysis models for future projects.

3. Qualified and Experienced Staff Resources

The key to delivery of effective public sector procurement requires staff engaged in procurement and contract management to be suitably qualified and trained for the purpose. The level of expertise required depends on the frequency and complexity of the procurement activity in individual posts. The Council will continually review skills and experience of staff involved in this role addressing any skills shortfalls with appropriate training.

4. Equality, Diversity, Social, Economic and Environmental Wellbeing

All major procurement shall recognise the impact on the social, economic and environmental wellbeing within the Borough. We will strive to offer equality and diversity in all our procurement transactions. We will strive where practicable and possible to utilise local labour, materials and services. We will aim to support the growth in modern apprenticeships and where there is a requirement for sub-contract work, as part of major projects, investigate with the approved service provider/contractor the use of local labour.

5. Environmental Packaging of Major Projects

Sourcing goods, services, commodities and works that meet the present requirements without comprising the ability of future generations to meet their own needs is at the heart of sustainable procurement. However, sustainable procurement is more than just responsible sourcing it is the active use of public spending to support and deliver wider political, social, economic, technological and environmental objectives yielding long term benefits at a local level. It is both a framework and a protocol directed at supporting Government's long term ambitions for sustainable development.

The *Simms Report* defines Sustainable procurement as:

"Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in away that achieves 'Value for Money' on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy whilst minimising damage to the environment...."

All major procurement at NULBC shall have due regard to the issue of sustainability and early decisions shall be taken to ensure that projects are packaged so as to encourage delivery in the most efficient manner and achieve what end users want and can afford. We will encourage environmentally advantageous products and services by, where appropriate, working with providers and suppliers to minimise the environmental and social impacts associated with products and services, with reference to the Council’s environmental and sustainability objectives.

6. High Professional Standards and Best Practice

All procurement procedures shall be operated in a professional manner and ensure the highest standards of transparency, probity and accountability.

7. Continuous Improvement

Where contracts are going to run for a number of years, the contract should be sufficiently flexible as to provide for continuous improvement throughout the period of the contract.

8. Workforce Matters

Any procurement that potentially involves the transfer of staff who are currently employed by the Council shall, as far as legally possible, fully protect the future terms and conditions of employment of such staff so that they continue to enjoy the good employment practices of the Council.

The Relationship between the Procurement Principles and the Core Commitments of the Council

| Procurement Principles |
|--|
| Management and control of contracts Assessing minimising and reviewing risk Qualified and experienced staff resources Equality, diversity, social, economic and environmental wellbeing Packaging of major contracts High professional standards and best practice Continuous improvement Workforce matters |

| Core Commitments |
|---|
| Excellent Service Impact on our Environment Ethical Standards Openness Partnerships Staff Contribution |

The Council strives to align its Core Commitments to each Procurement Principal in delivery of its purchasing processes. Any shortfalls identified will be evaluated and addressed accordingly.

5. PRIORITIES FOR FURTHER ACTION

- 5.1 This part of the document is concerned with the selection of priorities and the proposals for immediate actions. Immediate actions, in this context, mean actions to be carried out by 31st March 2008.

Innovation, Collaboration and Partnership working

- 5.2 An overall general assessment of procurement and contract management at the Council is that the Council is good at major procurement and has embraced the concept of collaboration and partnership working. One advantage of devolved procurement is that procurement is driven by the needs of the service and this may be one reason why we are innovative in procurement and procurement practice. Some examples of innovation/successes are:

- (1) Continued savings realized on the purchasing of utilities, mobile telephones and fuel through consortiums.
- (2) Keeping up to date with technology and new methods of working by tendering using an outcome basis i.e. telephone system, recycling.
- (3) Negotiating reasonable insurance premiums and coverage in a volatile market.
- (4) Purchasing office stationery from Internet Catalogues and a review of stationery usage has identified better processes and ongoing savings of up to £8,000 p.a.
- (5) Provision has been negotiated as part of the supply of personal computers (PC's), for the disposal of computers at the end of their useful life to comply with environmental requirements. PC's are disposed of via an accredited recycler, charities can benefit from refurbished PC's and they can be sold for reuse.
- (6) Receipt of electronic orders in relation to mobile telephones and energy to reduce paperwork and speed up processing times.
- (7) Economies of scale have been achieved for paper purchases for our printing department; these were achieved against a background of volatility within the marketplace.
- (8) Partnership working, benefiting from tendering services in Housing Market Renewal.
- (9) The Council has entered into a joint partnership with Stoke-on-Trent Council for the provision of Building Control Services.

- (10) Joint procurement initiatives of 'Green Space Audit and Strategy' with Stoke-on-Trent City Council and Renew.
- (11) Partnership arrangements with Stoke-on-Trent City Council on 'Greening for Growth' and with Staffordshire County Council on a 'New Cemetery'
- (12) Our Bereavement Services have agreed joint contracts with University Hospital and Keele Medical School for disposal services.
- (13) The use of partnering contracts to deliver improved specifications and outcome focused delivery of requirements.
- (14) The use of framework agreements in the purchase of ICT Equipment and Street Cleaning Vehicles.

What are our strengths?

5.3 The above provides examples of successes in terms of either particular contracts or contract processes in general. An analysis of how these successes were achieved has been undertaken in order to establish how we might learn from them to make improvements in other areas of procurement.

5.4 The following are some of the factors that contributed to the success stories:

- Members and staff generally have an open-minded approach to major procurement issues, they have been supportive in the procurement fitness review undertaken by the IDeA and acknowledged as such.
- Members have been proactively involved in strategic procurement projects.
- Recognition of the strategic importance of procurement, reflected by the employment of a Procurement Officer to address procurement issues and enable change.
- Staff continue to develop a wealth and breadth of experience, an awareness of market trends and are supported by advice from Legal and Internal Audit Services.
- There is recognition of the need to constructively challenge developments in the Procurement Strategy.
- The present structure for procurement within the Council remains decentralised but small and therefore manageable, with resources now being provided at a strategic level.
- Contracts continue to fall within budget and there is no track record of disputes from unsuccessful tenderers.
- Members and staff recognize the need for flexibility and the opportunities and benefits of different procurement methods, examples

of which include: strategic partnerships/ consortiums/ e-mail ordering and the use of consultants.

- The procurement function can respond to short time scales and provide flexibility in getting tenders out.
- The Council has a record of complying with the Council's Standing Orders and Financial Regulations.

5.5 The Procurement Working Group established in August 2003 has delivered to date:

- Clear terms of reference for the group supported by a lead officer and member.
- Production of the initial Procurement Strategy, actions of which were rolled out and reported to Corporate Board Members.
- Exploration and adoption of the use of ICT in procurement, electronic invoices, orders and payments in a limited number of areas.
- Standing Orders were updated in June 2005 allowing for greater electronic usage in relation to orders, tenders and payments. This update also reflected the need for greater freedom and flexibility towards joint purchasing consortia, the possibilities of entering into joint procurement initiatives, framework agreements and the commissioning of shared services.
- A sustainability policy which was drafted and reported to the Sustainability Task and Finish Group on the 6 November 2006
- A draft compact with the local voluntary and community sector has been produced and approved.
- Collaboration with other authorities to commission/provide goods and services e.g. Customer Relations Management System, E-payments System, Building Control.
- Continued networking with other procurement advisors both in the public and private sector, including involvement with the West Midlands Centre of Excellence.
- Inclusion of a 'Guide to doing Business with the Council' on our web site, responding to queries from Small to Medium Enterprises.

5.6 Objectives that build on our strengths and address areas for improvement include:

1. Organisation:

Ensure we maintain corporate support and establish a long term commitment from both members and officers at all levels to improve the profile of Procurement within the Borough of Newcastle-under-Lyme. We will review any shortfalls and continue to focus on the objectives that support the National Procurement Strategy for local government and the Borough Council's Strategic Priorities, to realise economic social and environmental benefits for Newcastle-under-Lyme.

2. Partnerships, Collaboration & Framework Agreements:

Deliver consistent and better quality services that meet the identified needs of individuals and groups within the Newcastle-under-Lyme and develop mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers.

3. Procurement Management Information:

Ensure we have a robust financial system forming a solid platform for future innovation. Maximise the cost effectiveness of Best Practice Procurement Processes by minimising administrative processes in a consistent manner and so adding value across the Council.

4. Value for Money

To ensure and maintain a procurement process that is clear and focused in the first instance on achieving value for money.

5. E- Procurement

Expand the implementation of the e-procurement solutions to stimulate electronic trading at all levels of the business spectrum.

6 Supplier Development

Promote Newcastle-under-Lyme as a preferred customer. Focus on supplier development, supply chain management and promote the opportunity for businesses and Small to Medium Enterprises to trade with the Council.

7. Innovation & New Approaches

Seek innovation and new approaches across both internal and external environments to achieve continuous improvement.

8. Controls Standards and Management of Risk

Ensure compliance with Councils Standing Orders, Financial Regulations and European Legislation, covering procurement and tendering.

9. Performance Management

Create, implement and monitor Key Performance Indicators to highlight continuous improvement and performance benefits against targets within the authority.

10. Training

Develop procurement skills across the organisation to support the implementation of procurement policy and strategy.

5.7 Priorities for further action

Given the number of objectives outlined above that need reviewing it is important to prioritise them. Section 7 establishes time frames for each of the above coupled with further areas for consideration.

6 Reporting arrangements

- 6.1 This Procurement Strategy and monitoring of its action plan shall be reported to the Corporate Board and the Cabinet annually and the policy reviewed and reported by the Procurement Group quarterly.

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 1 ORGANISATION

Ensure we maintain corporate support and establish a long term commitment from both members and officers at all levels to improve the profile of Procurement within the Borough of Newcastle-under-Lyme. We will review any shortfalls and continue to focus on the objectives that support the National Procurement Strategy for local government and the Borough Council's strategic priorities, to realise economic social and environmental benefits for Newcastle-under-Lyme.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|--|---|---|--|----------------------|
| 7.1.1 Procurement Strategy expires in 2007. | Review Procurement Strategy in line with observations made by the IDeA in January 2007, National Procurement Strategy and the internal audit completed in September 2006. | Revise/update strategy. | July 2007. | P.O. |
| 7.1.2 The Procurement Strategy is adopted and endorsed by members and officers at all levels. | Procurement Strategy should be embedded in all major procurement decisions. | To communicate and ensure Corporate recognition for procurement practices and procedures. | Cabinet by October 2007 Council by December 2007 Imp. Board October 2007 | P.O. P.O. P.O. |
| 7.1.3 Members are proactively involved in strategic procurement projects. | How can Members be more effectively engaged earlier in the procurement process? | Review roles of Members in strategic procurement management. Make recommendations. | December 2007. | P.O. |
| 7.1.4 The Council has previously benefited from a Procurement Working Group which consisted of both Managers and Officers in reviewing both the Procurement Strategy and ongoing improvements within the procurement process, included in the IDeA review. | There is now an urgent need to re-establish the group. | Review the existing terms of reference and identify target areas for improvement, and re-introduce the working group. | August/September 2007. | C.I.M. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 2 PARTNERSHIPS, COLLABORATION & FRAMEWORK AGREEMENTS

Deliver consistent and better quality services that meet the identified needs of individuals and groups within the Newcastle-under-Lyme and develop mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|---|---|---|--|---|
| 7.2.1 The Council is engaged with the West Midlands Centre of Excellence. | Share and participate in procurement and collaboration work streams. | Demonstrate benefits of membership by recording and reporting activities the Council is engaged in. | Ongoing. | P.O. |
| 7.2.2 The Council has and continues to be willing to participate in partnerships with neighbouring authorities and organisations, voluntary sector organisations. | <p>Identification of subject areas - spends for further developments.</p> <p>Partnerships require commitment from both parties to manage and negotiate effectively</p> <p>A range of Voluntary Sector Bodies exist within the community, explore how we promote and utilise these as part of the Procurement process.</p> | <p>(a) Identification of suitable partnership groupings.</p> <p>(b) Participation in regional procurement group activity, exploring opportunities for partnership sourcing and collaboration where beneficial to the Council. Monitor and review to ensure delivery of outcomes established at outset of each arrangement.</p> <p>(c) Understand the range of voluntary services available, the best fit within the Council and promote such services within the appropriate directorate.</p> | <p>August onwards.</p> <p>Ongoing</p> <p>Ongoing</p> <p>March 2008</p> | <p>P.W.G.</p> <p>P.O. & P.W.G.</p> <p>P.O.</p> <p>P.O. & P.W.G.</p> |
| 7.2.3 The Council is party to various framework agreements. | To identify/investigate additional potential areas of spend that could benefit from using framework agreements. | <p>(a) To explore the feasibility of using new framework agreements.</p> <p>(b) Promote appropriate opportunities with OGC as they arise.</p> <p>(c) Consider the inclusion in contracts of a clause allowing other interested Councils to enter the relationship.</p> | <p>Ongoing</p> <p>December 2007</p> <p>Ongoing</p> | <p>P.W.G.</p> <p>P.O.</p> <p>L.M.</p> |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 3 PROCUREMENT MANAGEMENT INFORMATION

Ensure we have a robust financial system forming a solid platform for future innovation. Maximise the cost effectiveness of Best Practice Procurement Processes by minimising administrative processes in a consistent manner and so adding value across the Council.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|---|---|---|---------------|--------------|
| 7.3.1 Council's financial system 'Agresso' is established, but further developments - refinements are required. | Use full potential of the system. | (a) To ensure identification of improvements & increased levels of electronic working where more efficient. | April 2008 | A.W.G. |
| | Replacement of paper based systems and duplication in processes. | (b) Cultural change to embrace available efficiencies | April 2008 | A.W.G. |
| | User knowledge and staff training. | (c) Training programme underway, consider placing training manual on the intranet. | May 2008 | A.W.G. |
| 7.3.2 Raw procurement data requires heavy resource to interpret and analyse. | Determine in house or outsource the development of spend analysis reports. | Select appropriate sourcing. Interpret and analyse procurement data. | January 2008 | A.W.G/P.O. |
| 7.3.3 Contract information currently disparate. | No central contracts register - data base, coupled with no diarised system. | (a) Set up a central data-base for contracts. | November 2007 | P.W.G. /P.O. |
| | | (b) Investigate if current Agresso package contains a contract option, and examine costs for its procurement and use. | March 2008 | P.O. |
| 7.3.4 All supplier invoices are currently paid within agreed terms (e.g. by raising a cheque). | Total estimated costs for cheques to pay suppliers versus the costs of payment by BACS. | To introduce BACS payments. Target 50% of suppliers by financial year end. | March 2008 | A.W.G. |
| 7.3.5 Approved supplier list/database held centrally. | To improve contract recording, analysis and prompt ease of supplier identification. | Set up a central data-base for suppliers. Investigate if current Agresso package can accommodate. | March 2008 | A.W.G. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 4 VALUE FOR MONEY

To ensure and maintain a procurement process that is clear and focused in the first instance on achieving value for money.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|---|---|---|-----------------------|---------------|
| 7.4.1 Supplier base is large but shows year on year reductions. There is a high level of low value/high frequency invoices. | Review if a purchasing directory exists to identify supplier base. Where there is repetition rationalise supply base to maximise business opportunities. | (a) Develop an internal procurement directory if one doesn't exist. | March 2008 | A.W.G |
| | | (b) Increase the use of core contracts and focus on strengths of our suppliers. | August 2008 | P.W.G. |
| | | (c) Reduce the number of suppliers by 15% | August 2008 | P.O. |
| 7.4.2 Contracts set up with a number of key suppliers. | Review existing contracts, are they still relevant to the Council's vision. | (a) Standardise and implement a contract register. | November 2007 | P.O. |
| | | (b) Improve corporate understanding of common spend. | March 2008 | P.W.G./A.W.G. |
| | | (c) Identify suitable electronic system to guide supplier selection. | March 2008 | A.W.G. |
| | | (d) Focus on the scope and viability of contracts with core suppliers - can we enter a framework agreement? | Ongoing - August 2008 | P.W.G. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 5 E-PROCUREMENT

Expand the implementation of the e-procurement solutions to stimulate electronic trading at all levels of the business spectrum.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|--|--|---|---------------------------------|------------------|
| 7.5.1 Currently a limited amount of invoices are paid by BACS. | Government focus to increase electronic transactions. | To switch from manual cheque payments of supplier invoices to BACS payments (Target 50%) | July 2008 | A.W.G. |
| 7.5.2 Evaluation on the number of invoices raised per supplier - is there a case for invoice consolidation i.e. 1 invoice replacing multiple invoices. | High number of invoices to be processed? | If there is a high number of invoices investigate how efficiencies may be improved i.e. reducing the number of invoices and therefore time spent on processing. | August 2008 | P.O. |
| 7.5.3 Aligning procurement best practice with the National Procurement Strategy and efficiency targets. | Continued developments of electronic procurement methods. | Evaluate and adopt where appropriate (a) E-marketplace, (b) Procurement Cards, (c) Document Management, (d) E-invoicing, (e) E-tenders. | March 2009 | P.O. |
| 7.5.4 Purchasing is mainly carried out using traditional methods. | E-procurement must run in line with strategic sourcing; benefits will not be achieved without procurement best practice. | (a) To review the purchasing processes in the Council and improve in line with Best Practice. (b) To introduce increased e-government support and guidance. | December 2008 March 2009 | P.O. P.O. |
| 7.5.5 Growing awareness of e-procurement with suppliers. | Promotion of e-enabled working practices within the supply chain is vital for e-procurement to work. | Publish clear information on e-procurement initiatives with the Council for all stakeholders. | March 2009 | P.O. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 6 SUPPLIER DEVELOPMENT

Promote Newcastle-under-Lyme as a preferred customer. Focus on supplier development, supply chain management and promote the opportunity for businesses and SME's to trade with the Council.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|---|---|---|------------------------------|--------------------------------|
| 7.6.1 Multiple suppliers servicing common product groups across parties and different sections within the Council. | Spend analysis is not easily available to identify where this occurs. Buyers need to be made aware of the benefits of identifying common product groups. | (a) To identify common product groups, potential suppliers (b) To enter into Council wide contracts where appropriate | March 2008 Ongoing | P.O./A.W.G. P.W.G. |
| 7.6.2 Newcastle-under-Lyme Borough Council profile as a customer how well is this known? | A contracts list is not published on the Councils web-site. | Collate a current list of contracts and expiry/renewal dates and publish this on the web-site. | December 2007 | P.W.G./P.O. |
| 7.6.3 Some information is contained on the web site in how to trade with the council. | Only limited information is available, this needs to be expanded as identified from the IDeA review. | (a) To identify Best Practice. (b) To collate and co-ordinate relevant information and communicate via the web-site. | March 2009 March 2009 | P.O. P.O. |
| 7.6.4 Standing Orders indicate our policy in dealing with SME's. A concordat has been drafted but approval has not yet been given. | This is to be published on the web-site. Identified from the IDeA review, consider signing the small business friendly concordat. | (a) Establish/draft a suitable page for inclusion on the Councils web-site. (b) Review the concordat and reasons for delay in approving, re-write if required and seek approval. | March 2008 March 2008 | B.D.O./P.O. B.D.O./P.O. |
| 7.6.5 Some SMEs. are not in a position to benefit from information contained on the web site. | Some suppliers/service providers are inexperienced in using PC based applications. | Investigate alternative media to promote doing business with the Council. Ensure costs do not outweigh benefits. | March 2008 | B.D.O./P.O. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 7 INNOVATION AND NEW APPROACHES

Seek innovation and new approaches across both internal and external environments to achieve continuous improvement.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|--|---|---|---|--|
| 7.7.1 Limited information on how to trade with Newcastle-under-Lyme Borough Council. | Clearer web based information on trading with the Council. | Designated internet and intranet web area to include relevant guides on procurement. | March 2008 | P.O. |
| 7.7.2 Traditional procurement processes have not encouraged innovation. | Encourage a culture where competition and innovation may offer wider benefits. | (a) Develop transparency within procurement to enable new partnerships to influence progress. (b) Promote both a proactive and reactive approach to procurement. (c) Challenge the Councils Standing Order processes where these are restricting innovation. (d) Evaluate current Shared Services and the potential for expansion within the Council where beneficial. | March 2008 From March 2008 From March 2008 Ongoing | P.O. P.W.G. P.W.G. P.W.G. |
| 7.7.3 Project Management tends to be performed on an individual project basis. | Project Management approach to be developed at the start of each major procurement project integrating 'Gateway Reviews' into the project management methodology. | (a) To control risk and ensure accountability. (b) Adoption of the Corporate Project methodology for Procurement Projects. | From August 2007 From August 2007 | P.W.G. P.W.G. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 8 CONTROLS, STANDARDS AND MANAGEMENT OF RISK

Ensure compliance with Councils Standing Orders, Financial Regulations and European Legislation, covering procurement and tendering.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|--|---|---|--|----------------------------------|
| 7.8.1 Standing Orders exist to provide uniform procedures. | Are all departments compliant? | (a) Review Standing Orders (b) Assess if these are user friendly (c) Develop and publish tool kit to support the use of Standing Orders and procedures. (d) Identify shortfalls in knowledge and provide training. | March 2008 March 2008 September 2008 September 2008 | P.O. P.O. P.O. P.O. |
| 7.8.2 Ensure that risk is appropriately managed. | Procurement remains legal, ethical and transparent. Risk and value of procurement has not been mapped. | (a) Encourage a transparent and equitable procurement process - via audit, publication of policies and appropriate training. (b) To evaluate the relationship between risk and value of Councils Goods & Services, with potential use of the risk/value matrix. (c) Improve risk management in procurement - contract management by the introduction of guidance developed from work on the risk management strategy. | September 2008 January 2008 December 2008 | P.O. P.O. R.M.G. |
| 7.8.3 Council's Standing Orders provide the corporate framework for contracts and tendering. | Need to maintain awareness of current/changing legal requirements for all officers involved within the procurement process. | Review how changes in legislation are captured and how officers are updated. | Ongoing | P.O./L.M. |
| 7.8.4 Documentation relating to tendering and contracting is standardised. | Is there supporting documentation in the completion of contracts and tender documentation. | To ensure that all directorates involved in procurement are using a consistent approach by providing guidance via the internet/intranet reinforced by training. | December 2009 | P.O. |
| 7.8.5 Sustainable Procurement, policy has been written but not approved. | Outline a mechanism for a phased development /implementation of the policy. | Determine current position of the policy and review and submit for approval. | March 2008 | W.M. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 9 PERFORMANCE MANAGEMENT

Create, implement and monitor Key Performance Indicators to highlight continuous improvement and performance benefits against targets within the authority.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|---|---|--|---------------|--------------|
| 7.9.1 There are currently no E-procurement performance indicators set up. | No quantitative tools to measure continuous performance in procurement systems, these need to be developed to produce relevant information. | Identify and develop the relevant performance indicators and calculation methodology. | December 2007 | C.I.M./P.O. |
| 7.9.2 Formal procurement targets have been identified in this strategy (within section 7) | No documented plan for achieving procurement objectives. | Identify key performance against which progress may be evaluated and monitored. | December 2007 | P.O. |
| 7.9.3 No formal register for identifying efficiencies achieved through procurement initiatives. | Identification of the efficiencies achieved through procurement initiatives are not uniformly collated and monitored. | Establish a means of management reporting in identifying efficiency savings through procurement. Evaluate the use of the Benefits Management Summary Card. | December 2007 | P.O. |

7. ACTION PLAN BASED ON - KEY OBJECTIVES

KEY OBJECTIVE 10 TRAINING

Develop procurement skills across the organisation to support the implementation of procurement policy and strategy.

| Position Statement | Key Issues | Objectives | Timescales | Lead Officer |
|--|---|---|---------------|--------------|
| 7.10.1 The Council has a number of skilled officers in relation to purchasing and the management of contracts. | Not all officers have these skills, even though they are required to undertake purchasing duties. | (a) To identify skills shortfalls and officers requiring training. | May 2008 | H.R. /P.O. |
| | | (b) To identify and provide improved communicative training provision of tools to ensure a consistent approach in line with Best Practice and relevant legislation. | December 2008 | H.R. /P.O. |
| | | (c) Encourage more mentoring of procurement staff to ensure succession of skills and knowledge. | June 2008 | H.R. /P.O. |
| | | (d) Devise a training programme that includes Members, Senior Officers and Contract Managers. | June 2008 | H.R. /P.O. |
| 7.10.2 Members and Officers proactively involved in strategic procurement within the Council. | The Council would benefit from carrying out a procurement skills/training needs analysis for both members and officers. As identified from the IDeA review. | Produce and implement a development plan for both members and officers. | June 2008 | H.R./P.O. |

Glossary of Terms:

P.O. - Procurement Officer

A.W.G. - Agresso Working Group

P.W.G - Procurement Working Group

W.M. - Waste Manager

L.M. - Legal Manager

R.M.G. - Risk Management Group

B.D.O. - Business Development officer

H.R. Human Resources

C.I.M. - Corporate Improvement Manager

| Item No | Business Objective | Risk Category | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Owner | Target Date |
|---------|--|-----------------|--|--|------------------|-------------|--|-------------------|-------------------|---|-------------------------------|-------------|
| 1 | To provide services which are efficient and effective; where staff are motivated and competent | Human Resources | Failure to employ the correct number of key staff with experience, skills and competency to deliver the required service | Lack of direction for service delivery | 5 x 5 | E | Procurement Working Group re-established | 5 x 4 | E | Update Procurement Strategy and Action Plan | Corporate Improvement Manager | Oct-07 |
| | | | | Retention of staff | | | Political support in recruitment of Procurement Officer | | | Procurement Officer needs to understand policies, procedures, principles and protocols in Public Sector Procurement | Corporate Improvement Manager | Apr-08 |
| | | | | Lack of motivation | | | Lead Officer and Lead Member identified | | | Identification with Heads of Service of shortfalls in skill sets of managers and officers | Procurement Officer | May-08 |
| | | | | Insecurity about the future | | | Outdated procurement strategy and action plan to identify the need to evaluate and assess key skill shortages and the need to source training to address shortfalls identified | | | Train managers and officers in areas where shortfalls in skills have been identified | Procurement Officer | Dec-08 |
| | | | | Lack of key skills transfer of "old" work having the effect of over reliance on these staff to continue to try to deliver a service for their old responsibilities as well as the new ones | | | | | | | | |
| 2 | | Finance | Failure to identify the financial support to the new service, whether from current sections or as a new establishment | No finance available to develop service delivery | 3 x 4 | H | Procurement Champion through Procurement Working Group | 3 x 3 | H | Budget needs to be reviewed for procurement | Corporate Improvement Manager | Nov-07 |
| | | | | | | | Qualified accountants for Budget settings | | | Provision needed for support staff | | Mar-08 |
| | | | | | | | Financially sound Council | | | | | |
| | | | | | | | Clear reporting procedures | | | | | |
| | | | | | | | Service and Financial Plans prepared in Performance Accountability Framework | | | | | |
| | | | | | | | Financial Regulations and Standing Orders in place | | | | | |
| | | | | | | | Budget in place for procurement | | | | | |
| | | | | | | | Regular monitoring on a monthly basis and implement exception reporting | | | | | |

**APPENDIX 'C'
(Orange Paper)**

| Item No | Business Objective | Risk Category | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Owner | Target Date |
|---------|--|------------------|---|---|---------------------|-------------|---|----------------------|-------------------|---|--|--|
| 3 | To provide services which are efficient and effective; where staff are motivated and competent | Legal | Failing to meet legislative requirements | Breach of Law Reputational damage Government intervention Financial implications | 5 x 4 | E | Standing Order & Financial Regulations Experienced officers in procurement and contract law Monitoring Officer in place Audit Commission in place to challenge the Council's Use of Resources Experienced staff on hand to give advice Advice obtained from external bodies as and when required | 5 x 2 | H | Review and update guidance and staff Identify policies and procedures to staff through the Intranet | Corporate Improvement Manager | Mar-08 |
| 1 | To ensure that the procurement process is clean and focused in the first instance on achieving Value for Money | Service Delivery | Failure to identify key areas for improvement | Money wastage Maverick spending Reliance on existing officers and members of the procurement group to deliver change as an additional responsibility Potential savings and service improvements are missed by the Council Additional strain and stress on the current resources leading to demotivated staff Failure to deliver service requirements Dissatisfied customers Reputation damage Government intervention | 5 x 4 | E | Standing Order & Financial Regulations Identify savings and deliver on them Procurement/buyers within the Council are strategically placed throughout the organisation Procurement Working Group exists to deliver the strategic objectives through the Procurement Strategy Procurement Office in place Profile of procurement is high throughout the Council Networking with other outside bodies/partners to identify best practice (framework agreements) | 5 x 3 | H | To deliver the action plan found in Section 7 of the Procurement Strategy To continually review the Procurement Strategy and update to reflect changes from Central Government To continue to benchmark to support the deliver of value for money Procurement Officer needs to understand policies, procedures, principles and protocols in Public Sector Procurement Identification with Heads of Service of shortfalls in skill sets of managers and officers Train managers and officers in areas where shortfalls in skills have been identified | Corporate Improvement Manager Procurement Officer Corporate Improvement Manager Corporate Improvement Manager Procurement Officer Procurement Officer | Sep-08 Sep-08 Sep-08 Apr-08 May-08 Dec-08 |

| Item No | Business Objective | Risk Category | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Owner | Target Date |
|---------|---|------------------------|---|--|---------------------|-------------|--|----------------------|-------------------|--|-------------------------------|-------------|
| 1 | To ensure that the procurement options are chosen on the basis of the degree to which they fulfil the Council's corporate commitments and priorities and those of specific services | Service Delivery | That the Council's corporate commitment and priorities are not delivered | Reputation damage Government intervention | 5 x 4 | E | Corporate Project Management Process available | 5 x 3 | H | Embed the Project Management methodology | Corporate Improvement Manager | Sep-08 |
| | | | | Failure to deliver the required service level and at the required level leading to lack of direction | | | Managers and officers have an understanding of the procurement process and the Council's corporate commitments and priorities to contribute to the delivery of appropriate procurement options | | | Procurement officer to work closely with managers and officers to advise and support on implications of the procurement strategy actions | | Dec-07 |
| 2 | To ensure that the procurement options are chosen on the basis of the degree to which they fulfil the Council's corporate commitments and priorities and those of specific services | Human Resources | Failure to provide efficient staff with skills, knowledge and capacity to support the delivery of appropriate procurement options | Over reliance on current staff | 5 x 4 | E | Audit Commission inspections | 5 x 3 | H | Embed the Procurement Strategy and Action Plan | Corporate Improvement Manager | Sep-08 |
| | | | | Outdated methods and knowledge applied | | | Standing orders and financial regulations in place | | | Continue to seek involvements with partnership organisations | Procurement Officer | Sep-08 |
| | | | | Poor service delivery | | | Procurement strategy and principles in place | | | Identify skills shortfalls and train staff to overcome these | Procurement Officer | Dec-08 |
| | | | | Breach of Legislation | | | Knowledgeable staff in procurement | | | | | |
| | | | | Reputational damage | | | Specified Procurement Officer | | | | | |
| | | | | Government intervention | | | Lead Officer and Lead Member identified | | | | | |
| | | | | | | | Budgets in place | | | | | |
| 3 | | Information Management | Business needs are not communicated | Staff and key stakeholders are unaware of priorities and commitments | 5 x 4 | E | Clear priorities and commitments shown on the Internet, Intranet, Service & Financial Plans, Procurement Strategy, posters, screensaver on computers, teambriefings | 5 x 2 | H | Ongoing communications with staff and key stakeholders | Corporate Improvement Manager | Sep-08 |

| Item No | Business Objective | Risk Category | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Owner | Target Date |
|---------|--|------------------|--|--|------------------|-------------|---|-------------------|-------------------|---|-------------------------------|-------------|
| 1 | Where appropriate, to seek out and develop new methods of service delivery in immature and emerging markets | Service Delivery | Council fails to innovate and develop new methods | Expensive and inefficient service delivery | 5 x 4 | E | Procurement Officer in post | 5 x 2 | H | Procurement officer to continue work with the WMCOE and local and national authorities to | Procurement Officer | Sep-08 |
| | | | Council unable to adapt processes, procedures, policies and protocols to support immature and emerging markets and opportunities or benefits are missed | Intervention by Government Inspectors | | | Ensure a proactive approach by ensuring that managers and officers involved in procurement, challenge processes, procedures, policies and protocols to investigate/assess new methods of service/emerging markets | | | Continue to evaluate the use of framework agreements and the use of consortiums | | |
| | | | | Impacts on the Council's abilities to deliver it's objectives and priorities | | | Pressure from Service Managers | | | | | |
| | | | | Reputation damage | | | Procurement Working Group in place | | | | | |
| | | | | Council not seen as being proactive by the stakeholders | | | Partnership and networking groups in place | | | | | |
| 2 | Where appropriate, to seek out and develop new methods of service delivery in immature and emerging markets | Human Resources | Failure to provide efficient staff capacity to support the assessment and delivery of new methods of service and to evaluate immature and emerging markets | Money wastage | 5 x 4 | E | Standing Order & Financial Regulations | 5 x 3 | H | To deliver the action plan found in Section 7 of the Procurement Strategy | Corporate Improvement Manager | Sep-08 |
| | | | | Maverick spending | | | Identify savings and deliver on them | | | To continually review the Procurement Strategy and update to reflect changes from Central Government | Procurement Officer | Sep-08 |
| | | | | Reliance on existing officers and members of the procurement group to deliver change as an additional responsibility | | | Procurement/buyers within the Council are strategically placed throughout the organisation | | | To continue to benchmark to support the deliver of value for money | Corporate Improvement Manager | Sep-08 |
| | | | | Potential savings and service improvements are missed by the Council | | | Procurement Working Group exists to deliver the strategic objectives through the Procurement Strategy | | | Procurement Officer needs to understand policies, procedures, principles and protocols in Public Sector Procurement | Corporate Improvement Manager | Apr-08 |
| | | | | Additional strain and stress on the current resources leading to demotivated staff | | | Procurement Office in place | | | Identification with Heads of Service of shortfalls in skill sets of managers and officers | Procurement Officer | May-08 |
| | | | | Failure to deliver service requirements | | | Profile of procurement is high throughout the Council | | | Train managers and officers in areas where shortfalls in skills have been identified | Procurement Officer | Dec-08 |
| | | | | Dissatisfied customers | | | Networking with other outside bodies/partners to identify best practice (framework agreements) | | | | | |
| | | | | Reputation damage Government intervention | | | | | | | | |

| Item No | Business Objective | Risk Category | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Owner | Target Date | |
|---------|---|------------------|---|---|---------------------|-------------|---|----------------------|-------------------|---|--------------------------------------|-------------------------------|--------|
| 1 | To ensure that in choosing the best value procurement method, the process of balancing cost against community benefit is made in a transparent way and can be supported with clear evidence | Service Delivery | Procurement method and costs either conflict or do not deliver community benefits | Money wastage | 4 x 4 | E | Skilled officers employed with understanding of best value principles | 4 x 2 | M | Embed procurement strategy actions | Procurement Officer | Sep-08 | |
| | | | | Maverick spending | | | | | | Regular public consultation over projects | Embed project management methodology | Corporate Improvement Manager | Dec-08 |
| | | | | A balance between community benefit and value for money is not achieved | | | | | | Public meetings held including procurement issued | | | |
| | | | | Demotivated staff | | | | | | Procedures and policies are in place to support current managers and officers to deliver best value procurement | | | |
| | | | | Reputation damage | | | | | | Project management methodology used, including benefits realisation model | | | |
| | | | | Failure to deliver service requirements | | | | | | | | | |
| | | | | Dissatisfied customers | | | | | | | | | |
| 2 | | | That the community within the Borough loses confidence in the Council | Members are reluctant to sanction or approve future projects based on any negative feedback received from the local community | 3 x 3 | H | Regular public consultation over projects | 3 x 2 | M | Continuous consultation with the public | Procurement Officer | Sep-08 | |
| | | | | The public boycott and services procured | | | | | | Reported newspaper reports to the public the results of consultations | Embed procurement strategy actions | Procurement Officer | Sep-08 |
| | | | | | | | | | | Public attendance at Member meetings as appropriate | Embed project management methodology | Corporate Improvement Manager | Dec-08 |
| | | | | | | | | | | Internet access showing Council procedures to engage with the Council | | | |

PART III STANDING ORDERS IN
RELATION TO CONTRACTS

REVISED COPY FOR CONSIDERATION AT
COUNCIL
12TH DECEMBER 2007

Part III - Standing Orders Relating to Contracts

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| Date | Responsible officer |
|---------------------|--|
| March 2000 | Head of Legal and Democratic Services and Financial Services Manager (Audit and Control) |
| March 2005 | Head of Legal and Democratic Services and Financial Services Manager (Audit and Control) |
| <i>October 2007</i> | <i>Corporate Improvement Manager Legal Services Manager</i> |

KEY TO TEXT

Black: previous standing orders

Blue italics: suggested additions

A SCOPE OF STANDING ORDERS AS TO CONTRACTS

1. Basic principles

- (a) Purchasing and disposal procedures must:
 - (i) Achieve best value for public money spent;
 - (ii) Be consistent with the highest standards of integrity;
 - (iii) Ensure fairness in allocating public contracts;
 - (iv) Comply with all legal requirements;
 - (v) Ensure that non-commercial considerations do not influence any contracting decision;
 - (vi) Support the Council's corporate and departmental aims and policies; and
 - (vii) Comply with the Council's *methodology for* best value and competition.
- (b) These Standing Orders form part of the Constitution of the Council and must be followed every time the Council enters into a contract for work, goods, materials or services. The Council includes the Cabinet, Committees, sub-Committees, working groups, *Executive Directors* and Officers acting on its behalf. Everyone should be aware of the contents of the constitution, as areas of procurement activity will require prior notification as set out in the constitution. These include the forward plan for key decisions and delegated decisions.
- (c) Further instructions relating to conduct of the Council's financial affairs are included in the Council's Financial Regulations.

Standing Orders should be read in conjunction with this document so that, taken together, they create a complete code of financial control.

- (d) Every contract made on behalf of the Council shall comply with:
 - (i) All relevant statutory provisions;
 - (ii) European Union Law;
 - (iii) These Standing Orders and any supplemental Contract Guidelines;
 - (iv) The Council's Financial Regulations; and
 - (v) The Council's strategic objectives and policies.

Where there is any inconsistency between EU law and UK law, EU law will prevail. Any uncertainty as to the application of the law must be referred to the *Legal Services Manager*.

NB: there are detailed provisions in respect of Public Procurement which will apply to most contracts and must be complied with (see Appendices C and D).

- (e) Where the proposed Contract is one to which the Council will be a party in common with other local or public authorities as part of a consortium or similar arrangements, the *Legal Services Manager* may, in consultation with the Leader of the Cabinet, agree that these Standing Orders shall not be applicable to that Contract, if satisfied:
 - (i) That it is in the best interest of the Council and
 - (ii) That the tendering and contract procedures of one of the other authorities should be followed.
- (f) Where tendering procedures are specified as part of grant regimes, for example RENEW, *NMP*, those procedures shall take precedence over these Standing Orders only where they are more extensive.
- (g) It shall be a condition of any Contract between the Council and anyone who is not an officer of the Council, but who is authorised to carry out any of the Council's contract functions, that

they comply with these Standing Orders and the Financial Regulations of the Council as if they were an officer of the Council.

- (h) Where any action in these Standing Orders is reserved to the Cabinet this may be undertaken only by the Cabinet as a whole in accordance with the Council's Constitution, providing that such action is in accordance with the procedures and rules that the Council or the Cabinet itself shall make, unless the Monitoring Officer approves otherwise.
- (i) Wherever *Executive Directors* titles are shown in these Standing Orders, their nominees may undertake the responsibilities listed during their principals absence provided they have written authority to do so. This shall not be the case where Statute Law, a resolution of the Council, or a decision of the Cabinet requires otherwise.
- (j) These Standing Orders do not apply to: -
 - (i) Contracts of employment;
 - (ii) Contracts relating to interests in land;
 - (iii) The engagement of Counsel; or
 - (iv) Contracts relating to Treasury Management entered into by the *Executive Director – Resources & Support Services* in pursuance of the powers delegated to him under the Scheme of Delegation.
- (k) These Standing Orders shall be made available on the Council's Intranet.
- (l) The Council will review these Standing Orders annually. The financial limits specified in the EU Directive are presently reviewed by the EU every two years.
- (m) At all times during the procurement officers and members of the Council shall consider and implement the principles of non-discrimination, equal treatment and transparency.

2

EXEMPTIONS

- (a) In exceptional circumstances, or where an innovative approach to a particular contract is being proposed compliance with specific paragraphs of these Standing Orders may be waived, provided that this does not contravene any statutory or EU procedures. This shall only be done by: -
 - (i) A resolution of the Council or Cabinet where the exemption is justified due to special circumstances; or
 - (ii) The Chief Executive or the Legal *Services Manager*, after consultation with a member of the Cabinet, in a case of urgency; or by**
 - (iii) A decision of the Cabinet after considering a report from the appropriate *Executive Director* justifying to their satisfaction that there would be no genuine competition in the supply of particular goods or services, or that the most economic option is not the best value for money.

In respect of points (i), (ii), and (iii) above each resolution shall contain the relevant Standing Order number which has been waived in the circumstances.

(b) Exceptional circumstances justifying exemptions from the Requirement to Invite Tenders

Where there is no legal requirement to do so and provided that a record in accordance with Standing Order 2(a) is included in the minutes of the appropriate Committee, it shall not be obligatory on the Council, the Cabinet or any Committee or officer authorised to do so to invite tenders for the supply of goods, materials, or for the carrying out of works or services:

- (i) in respect of which effective competition is prevented by Government control; or
 - (ii) the goods or services to be purchased are offered to the Council at a price substantially less than the lowest price at which the *Executive Director* would reasonably expect by the invitation of tenders ordinarily to be able to purchase the said goods or services; or
 - (iii) The goods to be purchased or sold can in the best interests of the Council be obtained at a public auction, fair or market conducted in accordance with generally accepted principles; or
 - (iv) which are proprietary, patented or specialised goods or materials; or
 - (v) which are obtainable only from a limited number of persons or bodies; or
 - (vi) where for any other reasons there would be no genuine competition; or
 - (vii) which the Committee concerned may deem it expedient to purchase provided that, in such cases, when practicable, a reasonable number of contractors shall be invited to submit quotations; or
 - (viii) where the work to be executed or the goods and materials to be supplied constitute an extension of an existing contract (such an extension to be approved by the Cabinet); or
 - (ix) where the contract is for the execution of work or services or the supply of goods and materials certified by the *Executive Director* concerned as being required so urgently *and unforeseen* as not to permit the invitation of tenders; or
 - (x) where failure to act at once will result in the Council failing to utilise grants or other credits, which must be used within a given time by a given date.
- (c) Standing Orders 2(b) shall not apply to or restrict the Chief Executive's powers to act under the Council's Emergency Plan.
- (d) Where items whose value exceeds £15,000 are to be purchased from a public auction, the request for consent shall specify the highest value, which is to be bid for the article.
- (e) The Legal *Services Manager* must keep a record of all exemptions.

3 **EXECUTIVE DIRECTOR RESPONSIBILITIES**

All *Executive Directors* shall:

- (a) Ensure that all appropriate staff have access to these Standing Orders and are kept aware of their requirements;
- (b) Create and maintain adequate systems to ensure proper control and monitoring of expenditure upon all goods, materials, services and works obtained under these Standing Orders;
- (c) Comply with all budgetary guidelines approved by the Cabinet and issued by the *Executive Director – Resources & Support Services* or other appropriate officer;
- (d) Retain all relevant documentation, making them available to Internal Audit, or any

representative of the Council's external auditors or inspectors for the period required. *Executive Directors* are also responsible for the shredding and burning of confidential waste. For every individual contract above £50,000 a contracts file shall be maintained and a tender evaluation report, proportional to the type and value of the contract, is to be completed by the *Executive Director*;

- (e) Undertake the procurement of goods, materials, works and services in such a manner as to avoid duplication of work or effort undertaken by other *Executive Directors*; and,
- (f) Comply with the requirement to provide Best Value in accordance with the Local Government Act 1999 and the requirement of the Council's Procurement Policy and Principles;
- (g) Any failure to comply with any of the provisions of these Standing Orders shall be reported by the relevant *Executive Director* immediately to the *Legal Services Manager* as Monitoring Officer and to the Cabinet.

4 **COMMUNITY REPRESENTATIVES**

- (a) Each *Executive Director* may invite community organisations to appoint persons (who may not be members of the Council) to participate in drawing up specifications, interviewing Contractors and monitoring Contracts in accordance with the Standing Orders. The views of the *Legal Services Manager* shall be sought in respect of any other type of involvement.
- (b) Each *Executive Director* shall ensure community representatives individually give a written undertaking to treat all information confidentially throughout the tender process and life of the contract.

5 **CENTRALLY NEGOTIATED CONTRACT ARRANGEMENTS**

Where a commodity or a service to be purchased is covered by a Corporate Contract then this contract must be used, thereby negating the need for any further tender or quotation.

B **COMMON REQUIREMENTS**

6 **PRE-PROCUREMENT PROCEDURES**

- (a) Before commencing procurement, it is essential that the authorised officer has identified the need and fully assessed any options for meeting those needs. Consideration shall be given to the Council's Procurement Strategy as appropriate.
- (b) Before undertaking a procurement over £50,000 the authorised officer shall:
 - (i) Establish a business case for the procurement and defined objectives, with an estimate of the probable cost including any maintenance, ongoing costs; *this demonstrates the case in a Benefits Management Card*;
 - (ii) Consider all means of satisfying the need;

- (iii) Check with *Democratic Services* to ascertain whether there is an approved list of contractors and if so the appropriate approved list shall be used, except where the value exceeds EU thresholds;
- (iv) Choose a course of action which should represent best value for money for the Council;
- (v) Prepare a timetable of key events/stages involved in the letting of the contract.
- (vi) Consult with users of the service as appropriate about the proposed method, contract standards, and also performance and user satisfaction monitoring;
- (vii) Assess the risks associated with the purchase and how to manage them;
- (viii) Establish a written specification for the procurement requirement and ensure that tender documents are available in electronic format where necessary;
- (ix) Ensure that each invitation to tender shall identify where goods, materials and work must comply with any relevant British Standards or British Standards Code of Practice or European equivalents in force at the date of the tender or with a definite specification provided by the Council.
- (x) Ensure that the reasons for **all** actions taken under these Standing Orders are documented by the officers concerned. It is necessary to be able to justify the actions that have been taken.

And confirm that:

- (xi) There is member or delegated approval for the expenditure;
 - (xii) There is Cabinet approval for significant new proposals as required by Financial Regulations;
 - (xiii) Prior information notices, if required in accordance with EC Procedures have been sent, see Appendix C.
- (c) Enquiries of Contractors may be made before tenders are invited in order to:
- (i) Establish whether the goods, works or services that the Council wishes to purchase are available, and within what price range;
 - (ii) Prepare tender documents, price estimates and contracts and
 - (iii) Establish whether particular Contractors wish to be invited to tender.
- (d) In making enquiries:
- (i) No information shall be disclosed to one Contractor which is not then disclosed to all those of which enquiries are made, or which are subsequently invited to tender;
 - (ii) No Contractor shall be led to believe that the information they offer will necessarily lead to their being invited to tender or awarded the contract;
 - (iii) A written record, including notes of any meetings held, the responses and the names of all individuals present shall be kept by the Responsible Officer on the Contract file.

7 **E-COMMERCE AND THE INTERNET**

- (a) The Council is committed to maximise the benefits available from the introduction of e-commerce and the use of the Internet.
- (b) All references to documents and procedures for their use should be taken to allow for the use of electronic facilities instead of printed or written matter where appropriate.
- (c) Where reference is made to written evidence/ documents this includes electronic documents/ evidence.

C CONDUCTING A PURCHASE OR DISPOSAL

COMPETITION REQUIREMENTS FOR PURCHASE, DISPOSAL AND PARTNERSHIP ARRANGEMENTS

8 COMPETITION REQUIREMENTS

Low value procurement: contracts valued at £0-£3,000

- (a) For contracts whose value is estimated to be £0-£3,000, low value procurement, the appropriate [Executive Director](#) or their designated Officer may place a written or electronic order. No formal written competitive quotations are necessary, but due regard shall be had to the desirability of securing competition by verbal enquiry and written confirmation, where appropriate. File notes are to be kept to indicate and justify the action taken.

Intermediate value procurement: contracts valued at £3,000-£50,000

- (b) For contracts where the value is estimated to be between £3,000-£50,000, intermediate value procurement, for work, goods, materials or services already approved by the Council the appropriate [Executive Director](#) or their designated Officer may place a written or electronic order for the contract after obtaining competitive quotations in accordance with Financial Regulations. A verbal order may be placed in cases of urgency but must promptly be confirmed in writing. Contracts up to £50,000 must comply with Section D (Dq-Dr) of Financial Regulations.
- (c) The Cabinet or appropriate Committee may, however, determine that in particular cases tenders shall be invited.
- (d) Where there is an approved list in existence it must be used to source the firms who will be invited to quote. Details are available from [Democratic Services](#).
- (e) Where annual contracts are renewed by the relevant [Executive Director](#), the total duration shall not exceed four years.

High value procurement: contracts valued at £50,000 plus

- (f) Where the estimated value of a Contract is £50,000 or more at least four tenders shall be invited.
- (g) Where the risk in a specific procurement is defined as high, then that procurement shall be treated as high value procurement regardless of the value of the contract.
- (h) Any procurement that may involve a transfer of staff shall be treated as high value procurement.

Other procurement

- (i) Assets for disposal must be sent to public auction except where better value for money is likely to be obtained by inviting quotations and tenders. In the latter event, the method of

disposal of surplus or obsolete stocks/ stores or assets other than land must be formally agreed with the *Executive Director - Resources & Support Services*. Small value items would not be expected to be publicly auctioned.

- (j) Providing services to external purchasers must be in compliance with the Local Authority Goods and Services Act. Cabinet approval must be sought for provision of services to other bodies.
- (k) Best value and partnership arrangements are subject to all UK and EU procurement legislation and must follow these standing orders. If in doubt officers must seek the formal advice of the *Legal Services Manager*.

9 **CONTRACT VALUES**

- (a) Where the contract is for the purchase of a single item, which is unrelated to the purchase of other items, the contract value is the price, or estimated price of that item.
- (b) Where the contract is for the purchase of a related group of items, the contract value is the total price, or estimated total price, of the group.
- (c) Where the contract is for goods to be provided by way of short-term hire, the contract value is the capitalised value of the goods to be provided. The capitalised value is obtained by multiplying the periodic payment to be made to the Hirer by the total number of payments agreed to be made under the contract.
- (d) Where the contract is continuous, the value is the amount which the *Executive Director* expects to be the total value of the goods or services which will be taken by the Council over the life of a four year contract.
- (e) Contract figures shall be reckoned exclusive of VAT.

10 **STANDARDS AND AWARD CRITERIA**

- (a) The *Executive Director* or their delegated Officer must ascertain what are the relevant British (or equivalent), European or International standards which apply to the subject matter of the contract. The Officer must include those standards that are necessary to describe the required quality. The *Legal Services Manager* must be formally consulted before any Officer decides to use standards other than European where they exist.
- (b) The *Executive Director* or their delegated Officer must define and document the award criteria that are appropriate to the purchase, before tenders are sought. Where considerations other than purchase price apply, sub criteria need to be defined and documented. These may include price, service, quality of goods, running costs, whole life-cycle costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics, safety, after sales service, technical assistance, partnering, long term relationships, and any other relevant matters.
- (c) The award criteria must not include:
 - (i) Non commercial considerations;

- (ii) Matters which discriminate against suppliers from the European Economic Areas or signatories to the Government Procurement Agreement;
 - (iii) Matters which are anti-competitive within the meaning of the Local Government Act 1988.
- (d) Only the most economically advantageous tender shall be accepted unless the Council resolves otherwise after considering a written report by the appropriate *Executive Director* or other nominated person.
 - (e) Acceptance of tenders over £50,000 in value (whether payable by or to the Council) must be recorded in the minutes of the Cabinet or appropriate Committee.
 - (f) Where tenders have been invited by public advertisement in accordance with Standing Orders 14, 15 and 16 no tender shall be accepted unless the appropriate *Executive Director* is reasonably satisfied as to the technical capability and financial standing of the tenderer.
 - (g) Without prejudice to any other remedy, a contractor who withdraws a tender for other than good or sufficient reason may, at the discretion of the Cabinet, be debarred from being invited to tender for further work for such period as the Cabinet may determine.
 - (h) Only successful tenders are reported to Cabinet, details of all other tenders are to remain confidential and not reported to any third party except as required by statutory provisions. The market can be informed of the financial outcome of tenders without linking these to the contractors that tendered.

11

INVITATION TO TENDER

- (a) For contracts whose estimated value is expected to be greater than £50,000 for work, materials, goods or services already approved by the Council, tender procedures shall be adopted.
- (b) The invitation to tender shall state that no tender will be considered unless it is received by the date and time stipulated on the Invitation to Tender.
- (c) Contractors must be chosen by one of the following methods:
 - (i) selective tendering under Standing Orders 14 and 15; or
 - (ii) open tendering under Standing Order 16; or
 - (iii) requesting tenders on behalf of a consortium, association or similar organisation of which the Council is a member following the rules of that organisation; or
 - (iv) requesting tenders under the instructions of another authority for which the Council is acting as agent; or
 - (v) selecting a contractor from a list of contractors with a schedule of rates approved and selected by another authority for which the Council is acting as an agent.
- (d) The invitation to tender must include details of the Council's requirements for the particular contract including:
 - (i) a form of tender, tendering certificate, instructions to tenderers including a procurement timetable, financial reference requests, insurance, *business continuity questionnaire*, health and safety checklists and draft contract terms approved by the *Legal Services Manager* (all tenders should have the facility to be submitted electronically);

- (ii) A specification that describes clearly the Council's requirements in sufficient detail to enable the submission of competitive offers. The EU rules with regard to specification shall be followed and these are set out in the EU Codes of Practice;
 - (iii) Pricing mechanism and instructions for completion and
 - (iv) Whether the Council is of the view that TUPE will apply;
 - (v) A requirement for tenderers to declare that the tender content, price or any other figure or particulars concerning the tender have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose).
 - (vi) A requirement for tenderers to complete fully and sign all tender documents including a form of tender and certificates relating to canvassing and non-collusion. Where tender documentation is sent electronically, if selected, the tenderer will be required to submit the relevant signed documentation through conventional means.
 - (vii) Notification that tenders are submitted to the Council on the basis that they are compiled at the tenderer's expense.
 - (viii) The invitation to tender or quotation must state that the Council is not bound to accept any quotation or tender.
 - (ix) The method by which any arithmetical errors discovered in the submitted tenders is to be dealt with. In particular, whether the overall price prevails over the rates in the tender or vice versa.
- (e) Except under the Open Procedure, all tenderers invited to tender or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis.
 - (f) Where any public advertisement has not defined the award criteria, invitations to tender must state the award criteria in objective terms and where possible in descending order of importance.
 - (g) Where the invitation to tender is for the supply of goods, provision of services or for construction work under the EU Regulations then the procedures in Appendix C must be adhered to.

12

TENDERING FOLLOWING PUBLIC ADVERTISEMENT

- (a) A public advertisement stating the nature of the contract and asking for the names of contractors interested in tendering shall be placed:
 - (i) in at least one local newspaper or trade journal or electronic procurement portal; and
 - (ii) where the estimated value of the contract exceeds £144,371 in at least two of the aforementioned circulars; The notice shall specify details of the Contract and how tender documents may be obtained or inspected.
 - (iii) where the estimated value of the contract exceeds the EU threshold (see Appendix C for present regulations and limits) in the Official Journal of the European Union. The notice shall comprise such information as is required by the appropriate EU Regulations.
- (b) A non-returnable administration charge may be made for the despatch of tender and quotation documents at the discretion of the *Executive Director*.
- (c) The appropriate *Executive Director* shall be responsible for ensuring that all persons or bodies

invited to quote or tender for the supply of goods, services or works to the Council have been suitably assessed. This may be achieved in respect of proposed contracts that are expected to exceed £50,000 by selecting firms from:

- (i) Standing lists of providers, maintained by the Council in *Democratic Services* and compiled following responses to a public advertisement, or
- (ii) A shortlist of contractors compiled from expressions of interest submitted in response to a public advertisement.

13 **SHORT LISTING OF TENDERERS**

- (a) The assessment process shall establish that potential suppliers have sound:
 - (i) Economic and financial standing, and
 - (ii) Technical ability and capacity to fulfil the requirements of the Council.
- (b) Any short listing must have regard to financial and technical standards relevant to the contract and may have regard to the award criteria.
- (c) Shortlisting can occur following one of three ways of tendering: selective tendering: ad hoc list or standing list and open tendering.

14 **SELECTIVE TENDERING: AD HOC LIST**

- (a) This Standing Order shall apply where the Cabinet or appropriate Committee have decided that invitations to tender for a contract are to be made to some or all contractors who have replied to a public advertisement.
- (b) The tendering procedure must follow the relevant prescribed time limits (see Appendices C). Where there is no prescribed procedure a closing date of at least fourteen days from the placing of the notice shall be given for reply.
- (c) After the closing date the prescribed number of contractors, or where there is no prescribed number at least four chosen by the Cabinet or appropriate Committee, must be invited to tender. Where less than four suitable contractors express an interest all should be asked to tender.

15 **SELECTIVE TENDERING: STANDING LIST**

- (a) This Standing Order shall apply where the Cabinet or appropriate Committee authorised to do so have decided that invitations to tender for a contract are to be limited to contractors whose names shall be included in a list compiled and maintained for that purpose.
- (b) The Democratic Services *Manager* shall maintain the Standing List compiled by information supplied by the *Executive Directors*.
- (c) *An Executive Director* may also add to the list with the approval of the Cabinet. This may only be done when this has been made clear on notification documents (advertisements).

- (d) The Standing List shall: -
- (i) Contain the names of all persons or bodies who are approved, and
 - (ii) Specify the categories and values of Contract for which each Contractor has been approved.
- (e) The Standing List shall be reviewed every four years by the relevant *Executive Director*. Once every four years a public advertisement shall be placed inviting expressions of interest for those wishing to be placed on the standing list. A period of at least four weeks shall be given for reply to a public advertisement as set out in Standing Order 12 above inviting contractors to be included on the Standing List. Those Contractors already on the list must be asked if they wish to remain on it. Application shall be made by the completion of an appropriate commercial/ technical and financial questionnaire.
- (f) After the closing date the appropriate *Executive Director* shall consider all applications for inclusion on the Standing List and shall select any application from any internal supplier if it can provide the goods or services being sought, the final list will be approved by Cabinet.
- (g) If a contractor is, in the opinion of the Cabinet, unsatisfactory or unable to meet the terms of any of his contracts he must immediately be taken off the list.
- (h) A contractor temporarily unable to meet the terms of his contract can be suspended from the list for a period of time to be determined by the Cabinet.
- (i) Any grievance on the part of an applicant for inclusion on the Standing List shall be referred to the Cabinet for a decision.
- (j) When selecting tenderers from the Standing List, at least four contractors shall be invited to tender in relation to the relevant type and value of work. If there are fewer than four eligible contractors then all those suitable must be asked to tender.
- (k) Where there are more than four eligible contractors on the list, contractors shall be selected for tendering on a rotational basis selecting the most suitable contractor for the type of work required. The *Executive Director* shall record on the contract file the policy for the rotation of contractors.
- (l) Technical references, insurance, *business continuity questionnaire* and health and safety policies shall be sought for all contractors wishing to be included on the list and refreshed annually. Financial references shall be sought prior to any invitation to tender for contracts.
- (m) Framework agreements are used where the Council wishes to contract for the provision of supplies, services or works without conducting a new procurement exercise. However, the Framework Agreement may include within its terms a requirement for a mini competition exercise between those contractors who are parties to the Framework Agreement. Any Framework Agreement shall be tendered in accordance with these Standing Orders. Where the Council has entered into a Framework Agreement through procurement then that Framework Agreement must be used. Where the Council is able to call off from existing Framework Agreements procured by other local authorities or by Central Government agencies, then the Council may benefit from using those contracts without entering into a separate procurement exercise. Legal advice should be sought as appropriate.

16 **OPEN TENDERING**

- (a) This Standing Order shall apply where the Council or the Cabinet authorised to do so have decided that tenders for a contract are to be obtained by open competition.
- (b) Tenders must be invited by advertising as set out under Standing Order 12.
- (c) Where there is no other requirement under legislation a period of at least fourteen days shall be given for the receipt of tenders.
- (d) All contractors replying to the notice must be sent tender documents.

17 **SUBMITTING AND OPENING TENDERS**

- (a) Where in pursuance of these Standing Orders invitation to tender is made, every invitation unless submitted electronically, shall:
 - (i) state that no tender will be received unless it is enclosed in a plain sealed envelope and has only the words 'Tender' and the title of the contract written on it;
 - (ii) state that the appearance of any mark, name, stamp or other way of identifying the tenderer will invalidate the tender;
 - (iii) include other such information or instructions to tenderers as the *Legal Services Manager* may advise and
 - (iv) state the date and time by which the tenders must be received.
- (b) Tenderers shall deliver tenders to the Democratic Services *Manager*, Civic Offices, Merrial Street, Newcastle under Lyme, Staffordshire, ST5 2AG such name and address to be printed on the envelope provided for the return of the tender.
- (c) Where tender documentation is too bulky to be placed in the envelope, a plain package is to be used and the envelope provided securely affixed to it.
- (d) No officer shall disclose the names of tenderers to any staff involved in the receipt, custody or opening of tenders.
- (e) Tenders delivered by fax or other electronic means must be rejected, unless they have been sought in accordance with an electronic tendering system approved by the *Executive Director - Resources & Support Services*.
- (f) Requests for quotations and invitations to tender can be transmitted by electronic means provided that evidence that the transmission was successfully completed is obtained and recorded.
- (g) Where the receipt of electronic tenders has been approved and they are received, they shall be kept in a separate secure folder under the control of the Democratic Services *Manager*, which is not opened until the deadline has passed for the receipt of tenders.
- (h) The electronic tender in box shall only be available for the submission of tenders up to the stated deadline date. The date and time of each tender received within the electronic tender in

box will be automatically recorded electronically. A hard copy of transactions on this email account shall be produced at the opening of the tenders.

- (i) The tenders shall be kept securely in the custody of the *Democratic Services Manager* until the date and time specified for their opening. During this period, tenders must be retained by a person not connected in any way with the subsequent evaluation of tenders. Receipt of each tender must be:
 - (i) Date stamped;
 - (ii) Initialled by the receiving officer; and
 - (iii) Logged immediately upon receipt in the tender record book.
- (j) Tenders received under Standing Orders 14, 15 and 16 shall be opened at the same time and only in the presence of:
 - (i) a Cabinet member;
 - (ii) the Democratic Services *Manager* or his/her designated officer; and
 - (iii) the *Executive Director* concerned or an officer designated by them.
- (k) Upon opening, a summary of the main terms of each tender must be recorded, signed and dated by those present.
- (l) *An Executive Director* after consultation with the *Legal Services Manager* may postpone for a reasonable period the closing time and date for receipt of tenders, provided that all persons from whom tenders have been invited are notified by the same method and that no tenders have been opened. Where a company has already despatched their tender, they should have the option of submitting a replacement second bid.
- (m) The Democratic Services *Manager* shall maintain a record of all tenders received.

18 **ACCEPTANCE OF LATE TENDERS**

- (a) No tender can be accepted if it is received after the specified time.
- (b) In all cases, both manual and electronically received, late tenders can be opened by the appropriate *Executive Director* solely to discover the tenderer and shall then be promptly returned to them. Details of the tender shall not be disclosed.

19 **CLARIFICATION PROCEDURES AND POST TENDER NEGOTIATIONS**

- (a) Providing clarification of an Invitation to Tender to potential or actual tenderers or seeking clarification of a Tender whether in writing, electronically, on the telephone or by way of a meeting is permitted.
- (b) Post tender negotiations means negotiations with any tenderer after submission of a tender and before the award of the contract with a view to obtaining adjustments in either price or content or both. Post tender negotiations are only acceptable if the procedures as outlined in Appendix A of this document are followed.
- (c) The *Legal Services Manager* must be formally consulted:

- (i) Wherever it is proposed to enter into post tender negotiation, and
 - (ii) About whether negotiation is to be with all tenderers.
- (d) Where post tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered.
 - (e) If negotiations are necessary after a single stage tender or after the second stage of a two stage tender, then such negotiations shall only be undertaken with the tenderer who has previously been identified as submitting the best tender. It must never be used to allow potential contractors to improve the competitiveness of their bid in relation to others.
 - (f) A tender may be amended where for a particular requirement the preferred tenderer exceeds the user department's budgeted allowance and negotiation permits an assessment of the scope for savings.
 - (g) A tender may be amended where the preferred tenderer agrees to reduce his tender price (without varying the specification) after negotiation because:
 - (i) the original tender was unacceptably high, or
 - (ii) the schedule covers a range of requirements, and, although lowest overall, negotiation might allow further savings to the Council.
 - (h) All cases of amendment to tender prices, and the reasons for them, shall be reported to the Cabinet or relevant Committee.

20 **CONTRACT ENTERED INTO BY *EXECUTIVE DIRECTORS* WHERE A WRITTEN STATEMENT HAS BEEN SUBMITTED AND APPROVED BY THE COUNCIL**

- (a) The appropriate *Executive Director* shall have authority to purchase materials, hire vehicles or enter into contracts for any or all sub-trade work in connection with a contract being in accordance with a written statement submitted to and approved by the Council. The placing of orders for such materials, vehicle hire or the entering into of such a contract shall be in accordance with quotations obtained as required by these Standing Orders except where statutory provisions require otherwise. Further Cabinet approval will not be required but this action should be reported to Cabinet for information purposes only.

21 **EVALUATION AND AWARD OF CONTRACT**

- (a) Apart from the notification permitted by Standing Order 10(h):
 - (i) Confidentiality of quotations, tenders and the identity of tenderers must be preserved at all times;
 - (ii) Information about one tenderer's response may not be given to another tenderer.
- (b) Contracts must be evaluated and awarded in accordance with the award criteria.
- (c) The arithmetic in compliant tenders must be checked. Where the examination of a tender reveals errors or discrepancies, which would affect the tender figure(s) in an otherwise successful tender, the *Executive Director* shall have discretion to allow the amendment if it is in the Council's interest to do so. If not, the tenderer is to be given details of such errors and

discrepancies and allowed the opportunity of confirming or withdrawing his offer. If the tenderer withdraws, the contract will be awarded to the next lowest tenderer.

- (d) For high value procurements as defined in Standing Order 8, the *Executive Director* shall carry out a risk assessment and business continuity review as part of the pre-qualification assessment and the evaluation process.
- (e) For each contract evaluated as high risk, the *Executive Director* shall form an evaluation team which shall consult the *Legal Services Manager* and *Executive Director – Resources & Support Services* and where they consider it appropriate, representatives of those officers shall be included on the evaluation team. The team should then evaluate the tenders.
- (f) Where the total value of the contract is less than £50,000, the following evidence must be kept:
 - (i) Invitations to quote and quotations received;
 - (ii) A written record of any exemptions and reasons for it and of any reason if the lowest price is not accepted;
 - (iii) Written including electronic records of communications with the successful contractor.
- (g) Where the total value of the contract exceeds £50,000, the following must be recorded:
 - (iv) The method for obtaining bids (under SO 14-16);
 - (v) Any contracting decision and supporting reasons;
 - (vi) Any exemption under standing order 2 together with reasons for it;
 - (vii) The award criteria;
 - (viii) Tender documents sent to and received from tenderers;
 - (ix) Pre-tender market research;
 - (x) Clarification and post tender negotiation (to include minutes of the meetings);
 - (xi) The contract documents;
 - (xii) Post contract evaluation and monitoring; and
 - (xiii) Written records, including electronic, of communications with tenderers and with the successful contractor throughout the period of the contract.
- (h) All written records required by this Standing Order must be kept for 6 years (12 years if the contract is under seal) after the final settlement of the contract. However, evidence which relates to the unsuccessful tenderers may be microfilmed or electronically scanned or stored by some other suitable method after 12 months from award of contract, provided there is no dispute about the award.
- (i) Tenderers must be notified simultaneously in writing of the results of their tender, this can be done manually or electronically, as soon as possible after any contracting decision.
- (j) If a candidate requests in writing the reasons for a contracting decision, the officer must give the reasons in writing within 15 days of the request.
- (k) The *Executive Director*, if requested in writing, should debrief, in writing, all those tenderers who submitted a tender or quotation about the reasons why they were unsuccessful and the characteristics and relevant advantages of the successful tenderer, as appropriate. This should normally include:
 - (i) How the award criteria were applied;
 - (ii) The prices submitted, in either case not correlated to the tenderers' names, and

(iii) The names of tenderers where there were three or more.

The same information may be given to those who responded in any pre-tender selection process. No other information should be given without taking the formal advice of the *Legal Services Manager*.

- (l) *Executive Directors* may accept quotations and tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these standing orders and, in respect of proposed contracts that are expected to exceed £50,000, the approval of the Cabinet has been secured.
- (m) In the event of site visits for evaluation purposes, where appropriate hospitality should be invoiced to the Council.

D CONTRACT AND OTHER FORMALITIES

22 CONTRACT DOCUMENTS

- (a) All contracts that exceed £50,000 in value and in any other case where the *Legal Services Manager* or the Chief Executive so decide, shall be in writing.
- (b) All contracts, irrespective of value, shall clearly specify:
 - (i) What is to be supplied;
 - (ii) Payment provisions (amount and timing); and
 - (iii) the time within which the contract is to be performed.
- (c) The Council's official order form or standard terms and conditions issued by a relevant professional body must be used where possible. Where the Office of Government Commerce has produced standard contract terms these should be used.
- (d) In addition, every contract of purchase over £50,000 must also as a minimum state clearly:
 - (i) the amount of Liquidated Damages and the basis of the calculation. The appropriate *Executive Director* must consult with the *Legal Services Manager* and *Executive Director – Resources & Support Services* to determine Liquidated Damages. If they are to be included, the contractor will pay Liquidated Damages, estimated by the appropriate *Executive Director* in consultation with the *Legal Services Manager*, if he fails to meet the terms of the contract. If the contract is over £50,000 and Liquidated Damages are not considered to be appropriate the *Executive Director* concerned shall certify so to the *Legal Services Manager*;
 - (ii) that if the contract is not properly carried out or the time limit is not met the Council can:
 - (1) cancel all or part of the contract;
 - (2) complete the contract;
 - (3) recover from the contractor any additional costs in completing the contract;
 - (4) take other legal action against the contractor.
 - (iii) that neither all nor part of the contract can be assigned without prior written consent.
 - (iv) that there shall be suitable third party liability insurance with a minimum cover of £5 million unless a lower figure has been agreed in advance with the *Democratic Services Manager* after the receipt of a completed risk assessment proforma. The appropriate *Executive Director* must consult with the *Democratic Services Manager* to

- assess the risk and to consider whether additional cover is needed.
 - (v) health and safety requirements;
 - (vi) business continuity requirements;
 - (vii) CDM Regulations for building and engineering works;
 - (viii) ombudsman requirements;
 - (ix) data protection requirements if relevant;
 - (x) that charter standards are to be met if relevant;
 - (xi) race relations requirements;
 - (xii) (where agents are used to let contracts) that agents must comply with the Council's standing orders in relation to contracts;
 - (xiii) a right of access to relevant documentation and records of the contractor for monitoring and audit purposes and in relation to any claims of maladministration or legal claims against the Council; and
 - (xiv) termination arrangements.
- (e) The formal advice of the *Legal Services Manager* shall be sought for the following contracts:
- (i) Where the total value exceeds £50,000;
 - (ii) Those involving leasing arrangements;
 - (iii) Those which are complex in any other way;
 - (iv) Where it is proposed to use a supplier's own terms and
 - (v) Where approval is sought from the *Legal Services Manager* to waiver any of the requirements set out in 22(d).

23

SIGNATURE OF CONTRACTS

- (a) Every contract that exceeds £50,000 shall be signed by the Chief Executive, *Legal Services Manager* or on behalf of the Council. Contracts below £50,000 can be signed by the *Executive Director* or their delegated officer.
- (b) All contracts must be concluded before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written consent of the *Legal Services Manager*. An award letter is insufficient.
- (c) The officer responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

24

REGISTERS OF CONTRACTS

- (d) The *Executive Director* shall keep:
 - (i) a contract register setting down details of contracts awarded in the preceding twelve months and the basis on which those contracts were awarded, together with details of those contracts above £50,000 to be awarded in the following eighteen months.
 - (ii) A payments register of all contracts in a form approved by the *Executive Director – Resources & Support Services*. The payments register may be maintained electronically. The Register shall for each contract, specify the name of the contractor, the works to be executed or the goods to be supplied and the contract value. The Register shall contain a record of all payments made individually and cumulatively to contractors and sub-contractors.
- (e) Approval can be sought from the *Executive Director – Resources & Support Services* by an *Executive Director* Head of Service where it is more appropriate to monitor contracts against approved expenditure budgets where applicable. Officers monitoring these budgets must ensure that the relevant statutory requirements are adhered to and that contract values do not exceed EU thresholds for competitive tendering.

SEALING

- (a) Where contracts are sealed as a deed the Common Seal of the Council shall be affixed to the contract and witnessed by the Mayor or any Member of the Council and by the Chief Executive, or the *Legal Services Manager* or the (Assistant Head of Legal and Democratic Services).
- (b) Every Council sealing will be consecutively numbered, recorded and signed by the person witnessing the seal. The seal must not be affixed without the authority of Cabinet or of an *Executive Director* acting under delegated powers. A contract must be sealed where:
 - (i) The Council wishes to enforce the contract for more than six years after its end; or
 - (ii) The price paid or received under the contract is a nominal price and does not reflect the value of the goods or services; or
 - (iii) Where there is any doubt about the authority of the person signing for the other contracting party; or
 - (iv) Where the total value is expected to exceed £50,000.

BONDS AND PARENT COMPANY GUARANTEES

- (a) For contracts over £50,000, a performance bond may be required if considered appropriate by the *Legal Services Manager*, the *Executive Director – Resources & Support Services* or other appropriate *Executive Director*.
- (b) For contracts over £100,000 the contractor must provide a bond from a source approved by the *Legal Services Manager* for completing the contract except where the *Legal Services Manager* in consultation with the appropriate *Executive Director* decides that this is not necessary, after receipt of a completed risk analysis *inclusive of a business continuity questionnaire*.
- (c) At the discretion of the *Legal Services Manager* a cash sum can be held in the place of a bond, approval for this shall be requested in writing by the *Executive Director* and details of which, when agreed with the *Legal Services Manager*, forwarded to the *Executive Director (Resources & Support Services)*.
- (d) Where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the contractor, a bond shall be required regardless of the contract value.
- (e) A parent company guarantee is necessary when the contractor is a subsidiary of a parent company and:
 - (i) The total value exceeds £100,000; or
 - (ii) Award is based on evaluation of the parent company; or
 - (iii) There is some concern about the stability of the contractor.
- (f) Where a bond is required the tender documents must contain provision for this cost to be identified separately.
- (g) If the contract period covers a number of years the Head of Service shall determine after consultation with the *Legal Services Manager* and the *Executive Director – Resources & Support Services* whether or not the bond is to be calculated by reference to the total contract sum over the duration of the contract or by reference to the annual value of the contract.

- (h) As stages of the contract are completed the value of the bond can be reduced at the discretion of the *Executive Director* with the approval of the *Legal Services Manager*.

27

PREVENTION OF CORRUPTION

- (a) All officers must comply with the Employees' Handbook and the Council's Anti Fraud and Corruption Strategy. It is a criminal offence to invite or accept any gift or reward in respect of the award or performance of any contract.
- (i) Officers should be aware that the law presumes that a gift is given corruptly and it will be for the officer to prove that anything received was not received corruptly;
- (ii) High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and to criminal prosecution under the relevant statutes.
- (b) The following clause must be put in every written Council contract:

“The Council may terminate this contract and recover all its loss if the Contractor, its employees or anyone acting on the Contractor's behalf do any of the following things:

- (i) offer, give or agree to give to anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done); or
- (ii) commit an offence under the Prevention of Corruption Acts 1889-1916 or provides a fee or reward the receipt of which is an offence under section 117(2) of the Local Government Act 1972.
- (iii) Commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors or employees.

Any clause limiting the Contractor's liability shall not apply to this clause.”

28

NOMINATED AND NAMED SUB-CONTRACTS

- (a) If a sub-contractor is to be nominated or named to a main contractor, quotations or tenders must be invited in accordance with the Councils' Standing Orders and the terms of the invitation shall be compatible with the main contract. Sub-contractors must be invited in the same way as main contractors.
- (b) Standing Orders shall apply to all sub-contractors.

29

JOINT PROCUREMENT

Any joint procurement arrangements with other local authorities or public bodies including membership or use of Purchasing Consortia shall be approved by the appropriate *Executive Director* in consultation with the *Legal Services Manager* prior to the commencement of any procurement on behalf of the Council.

30

PROCUREMENT BY CONSULTANTS

Any consultant used by the Council shall be appointed in accordance with these Standing Orders. Where the Council uses consultants to act on its behalf in relation to any procurement, then the

Executive Director shall ensure that the consultants carry out any procurement in accordance with these Standing Orders and using the Council's standard terms and conditions of contract in any procurement that the consultant carries out. No consultant shall make any decision on whether to award a contract or who a contract should be awarded to. The *Executive Director* shall ensure that the consultant's performance is monitored.

31 **CONTRACTUAL CLAIMS**

Claims by or against a contractor shall be considered promptly by the appropriate *Executive Director*, who must consult with the *Executive Director – Resources & Support Services* and the *Legal Services Manager* before any decision or recommendation relating to the claim is made.

32 **DECLARATIONS OF INTEREST**

- (a) The following shall declare any interests which may affect the Contract Process:
 - (i) All permanent and temporary employees of the Council;
 - (ii) External consultants;
 - (iii) Partners, where these are in a position to influence the decisions to award a contract and
 - (iv) Community representatives appointed under Standing Order (4).
- (b) Each *Executive Director* shall make arrangements for employees, consultants, related partners and community representatives appointed or agreed by him/her to make declarations on their appointment, on any change in circumstances (and annually in the case of employees), and shall take necessary action in respect of potential conflicts of interest.
- (c) Each *Executive Director* shall arrange for employees to record declarations in the Register kept by the *Democratic Services Manager* in accordance with Council Policies. Completed consultants, partners and community representatives' declarations shall be kept on the Contract File.

33 **APPOINTMENT OF CONSULTANTS**

- (a) The engagement of architects, engineers and surveyors or other professional consultants including Counsel shall be subject to completion of a formal letter, contract of appointment or brief.
- (b) Consultants shall be required to provide evidence of and maintain professional indemnity insurance to the satisfaction of the *Democratic Services Manager* for the periods specified in the respective agreement.
- (c) Consultants shall be selected and commissions awarded in accordance with procedures detailed within these Standing Orders and the Council's Financial Regulations and European Union Directives or the requirements of any principal for whom this Council is acting as agent. All of their records relating to the supervision of a contract shall be open to inspection by authorised Officers of the Council. All such records together with the final account shall be sent to the appropriate *Executive Director* at least twenty-one days before the Final Payment is issued.

34 **POST-CONTRACT MONITORING AND EVALUATION**

- (a) During the life of the contract the officer must monitor the contract in respect of:
- (i) Performance;
 - (ii) Compliance with specification and contract;
 - (iii) Cost;
 - (iv) Any Best Value requirements;
 - (v) User satisfaction and
 - (vi) Risk management.
- (b) Where the total value of the contract exceeds £100,000 the officer must make a written report to Cabinet evaluating the extent to which the purchasing need and the contract objectives were met by the contract. This should be done normally when the contract is completed. Where the contract is to be re-let, a provisional report shall be available early enough to inform the approach to reletting of the subsequent contract.

35 **STATISTICAL RETURN**

Each year the Council shall make a statistical return to Government for onward transmission to the European Commission concerning the contracts awarded during the year under the EU rules. The *Procurement Officer* is responsible for this statistical return and will make the necessary arrangements for information to be collected annually. *Executive Directors* must comply with these arrangements.

36 **TREASURY MANAGEMENT**

For the purposes of Treasury Management, this Council adopts the principles contained in CIPFA's Code of Practice, "Treasury Management in Local Authorities", as revised in 1996.

CODE OF PRACTICE FOR NEGOTIATIONS

- 1) This Code of Practice shall apply only in conjunction with Standing Order 19 after discussion and agreement in writing of the *Legal Services Manager*.
- 2) It is inherent to any negotiations undertaken on behalf of the Council that the officer appointed to conduct the negotiations shall be responsible and shall be seen to be so.
- 3) Negotiations for supply contracts may take place after receipt of formal tenders or quotations prior to the award of the contract. The term 'post-tender negotiations' is used in this Code in reference to such negotiations.
- 4) Discussions with tenderers concerning clarification of the Council's requirements may be held after tenders have been dispatched but not yet returned. It is essential however that officers restrict themselves to answering any queries concerning specifications, terms and conditions etc. and under no circumstances divulge any information which would place any tenderer at an unfair advantage. Any material clarification or additional information given to a tenderer must be given to all other tenderers as soon as practicable.
- 5) It is not anticipated that post-tender negotiations will be a regular occurrence. They should be used selectively and only where there is a genuine reason to approach tenderers.

PROCEDURES TO BE ADOPTED IN ALL NEGOTIATIONS

- 1) Negotiations shall be conducted in writing as far as possible. Where telephone or face to face negotiations take place there must always be at least two officers present at all times, one of whom must be from a department independent to that leading the negotiations. Consultants, partners, members or community representatives can also be present at the negotiations where approved by the *Legal Services Manager*.
- 2) Unless there are good reasons, e.g. needing to verify stated performance of tendered equipment at a tenderer's premises, all negotiations shall be held on Council premises. A written record shall be kept by the relevant *Executive Director* of any reason for holding such negotiations away from Council premises.
- 3) All tenderers involved shall as far as possible, be interviewed on the same day with the same negotiating team of Council officers.
- 4) For the protection of individual officers, no officer shall be left alone with the tenderer's representatives at any stage of the negotiation. It is important that officers enter and leave the negotiating room together.
- 5) Unless it is not possible, all negotiations shall take place in a room other than the officer's normal work station. This is important in order to avoid tenderer's representatives having sight of any documentation concerning other tenderers' prices etc.

- 6) All negotiations must be undertaken in an open and fair manner and there must be a genuine reason for negotiating with a tenderer.
- 7) If applicable, officers from other service areas should be invited to participate in the negotiations. However, it is essential that only one officer leads the negotiations and the other officers adopt a discreet and democratic role. It is also essential that each negotiation is pre-planned in terms of the role of each team member, the questions to be asked and the limits of each officer's authority.
- 8) A written record of all negotiations held with each tenderer must be kept and this should include the following information:

Date, time and location of interview;
Names of all officers present;
Names of tenderer's representatives present;
Purpose of negotiations;
Original quotations, tenders;
Subsequent written quotations;
Points discussed;
Agreements reached;
Further action required.

The agreed outcome and any amendments to a tender or contract shall be confirmed in writing.

- 9) All information supplied by a tenderer shall be strictly confidential and must not under any circumstances be disclosed to competitors.
- 10) All tenderers will normally be interviewed only once. In exceptional cases, e.g. technical complexity, it may be necessary to recall a tenderer for a further interview. Under no circumstances are 'Dutch Auctions' to be entered into by officers.
- 11) Time spent on negotiations should not outweigh the likely benefits. Minor points of clarification and obvious errors should not require a meeting and can usually be resolved by telephone or e-mail. It is important that all such amendments are confirmed in writing.
- 12) After negotiations have been concluded, [an Executive Director](#) shall not commit to awarding a contract until the negotiated terms have been confirmed in writing and in the case of contracts in excess of £50,000 Committee approval has been obtained.
- 13) Whether one or more tenderers are approached will depend on the specific circumstances of each case. A written justification for the eventual selection shall be kept with the tender evaluation papers. As a general rule all tenderers who meet the specification and are sufficiently competitive, should be considered.
- 14) If during the course of a contract negotiation it becomes necessary to carry out alterations to a specification for whatever reason, all tenderers must be given an equal opportunity to bid for the revised specification. Usually a tender in excess of the specification required should not be considered, unless it is competitive with the other tenders received.
- 15) Officers must be prepared to debrief unsuccessful tenderers when requested as this is a requirement of the Local Government Act 1988, the European Community Supplies Directive EC88/295 and the

European Community Works Directive 89/440/E.

- 16) Any major tender revisions will usually necessitate a re-tender exercise.
- 17) Officers of the Council must always endeavour to protect both themselves and the Council against any accusations of improper behaviour as a result of post tender negotiations. All officers involved in negotiations must be conversant with the hospitality regulations, and refuse all gifts, entertainments, visits and benefits.
- 18) Officers are reminded that they have a duty to advise Members on the provisions of this code, where Members are involved in the contract negotiation process.
- 19) The relevant Committee shall be informed of purchasing decisions and the conduct of negotiations in every instance.
- 20) Copies of all written records made on negotiations and as required in these Standing Orders should be retained on file.

POWERS DELEGATED TO THE
EXECUTIVE DIRECTOR – OPERATIONAL SERVICES

- 1) To prepare business plans for submission to the Cabinet and annual reports and returns for submission to appropriate Government Departments as required.
- 2) To price, prepare and submit all tenders and bids for contracts made in accordance with the approved Business Plan.
- 3) To undertake the purchasing and control of stores and materials.
- 4) To purchase, lease, hire and dispose of vehicles, plant, machinery and equipment after consultation with or in accordance with a procedure agreed with the *Executive Director - Resources & Support Services*, provided resources are available within the approved DSO budget.
- 5) Subject to Standing Orders, Financial Regulations and any conditions of contract, to engage contractors or contract labour.
- 6) To introduce and maintain appropriate payment and productivity schemes after consultation with or in accordance with a procedure agreed with the *Executive Director – Resources & Support Services and H R Manager*.
- 7) To conduct negotiations with the Trade Unions after consultation where appropriate with the *H R Manager*..
- 8) To price, prepare and submit tenders for work offered by outside bodies in accordance with the Cabinet's policy and where permitted by law.
- 9) To determine the level of staffing required to carry out the workloads of the *Directorate* in accordance with the Councils approved Recruitment, Selection and Induction Code of Practice to recruit hourly paid employees as necessary within the agreed establishment and to employ temporary hourly paid employees as and when necessary to comply with contractual needs and to report on these at regular intervals to the Cabinet.
- 10) To authorise submission of tenders for the Council's work and work for outside bodies up to £100,000.

EU TENDERING PROCEDURES

A. CONTRACTS FOR THE SUPPLY OF GOODS

Contracts for the supply of goods must comply with the Public Supply Contracts Regulations 1995 (No. 201).

The Regulations apply to all contracts for the supply of goods to a value in excess of **£144,371***. The value of the contract is either:

- i) the aggregate value of the contract over its length or
- ii) where a contract is of indeterminate length, the value is calculated on the basis of the aggregate value over 48 months.

Contracts for goods of the same nature should be aggregated and, in particular, should not be artificially divided to avoid the need to comply with the Regulations.

Procedure

1. **Prior Information Notice**

Where it is expected to purchase goods which exceed **£513,166*** in value, a prior information notice *can*** be placed in the European Union Official Journal as soon as possible after the commencement of the financial year.

2. **The Open Procedure**

Where the open procedure is to be used, without the use of a select list of tenderers, a notice in the prescribed form should be placed in the European Union Official Journal inviting tenders and giving no less than 52 days from the date of despatch of the notice for the return of tenders.

Contract documents shall be provided within 6 days of receipt of a request from a prospective tenderer.

3. **The Restricted Procedure**

This procedure should be used where tenders are to be invited on the basis of a select list of tenderers.

- 1) A notice in the prescribed form seeking requests to participate in a tender exercise shall be published in the European Union Official Journal specifying a date for the receipt of requests to tender of not less than 37 days from the date of despatch of the notice. Following the drawing-up of a select list of tenderers, a period of no less than 40 days must be allowed between the invitation to tender and the return of tenders.

*** This figure is subject to review every 2 years.**

- 2) Not less than 5 nor more than 20 tenderers should be invited to tender. A minimum of 5 must be invited in addition to the Council's DSO.

GUIDANCE RE PRIOR INFORMATION NOTICE

***This is a voluntary notice that is aimed at giving potential suppliers advance notice of the authorities intention to advertise a contract for the goods, services or works referred to in the PIN.*

The advantage to the purchaser in issuing a qualifying PIN is that contracting timescales may be reduced if a PIN has been issued.

A qualifying PIN is one that has been issued a minimum of 52 days and a maximum of 12 months prior to the issue of the Tender Notice.

The invitation to tender must be sent simultaneously to each contractor selected to tender.

- 3) Following the award of a contract, an award notice must be published in the prescribed form in the European Union Official Journal no later than 48 days after the award.

The Negotiated Procedure

This procedure should be used where terms of contract are negotiated with one or more selected persons.

THIS PROCEDURE MAY ONLY BE USED WHERE THERE ARE SPECIAL CIRCUMSTANCES WHICH JUSTIFY ITS USE. THESE MUST BE APPROVED BY THE HEAD OF LEGAL AND DEMOCRATIC SERVICES BEFORE THE NEGOTIATED PROCEDURE MAY BE USED.

B. CONTRACTS FOR THE PROVISION OF SERVICES

Contracts for the supply of services must comply with the Public Services Contracts Regulations 1993 (No. 3228). The categories of services which are covered by the Regulations are set out in Schedule 1 to the Regulations.

The Regulations apply to all contracts for the supply of services to a value in excess of **£144,371***. The value of the contract is either:

- i) the aggregate value of the contract over its length or
- ii) where a contract is of indeterminate length, the value is calculated on the basis of the aggregate value over 48 months.

Contracts for services of the same nature should be aggregated and, in particular, should not be artificially divided to avoid the need to comply with the Regulations.

Procedure

1. Prior Information Notice

Where it is expected to purchase services which exceed **£513,166*** in value, a prior information notice **can**** be placed in the European Union Official Journal as soon as possible after the commencement of the financial year.

*** This figure is subject to review every 2 years.**

2. The Open Procedure

Where the open procedure is to be used, without the use of a select list of tenderers, a notice in the prescribed form should be placed in the European Union Official Journal inviting tenders and giving no less than 52 days from the date of despatch of the notice for the return of tenders. Where a prior information notice has been published this period may be reduced to 36 days.

Contract documents shall be provided within 6 days of receipt of a request from a prospective tenderer.

GUIDANCE RE PRIOR INFORMATION NOTICE

****This is a voluntary notice that is aimed at giving potential suppliers advance notice of the authorities intention to advertise a contract for the goods, services or works referred to in the PIN.**

The advantage to the purchaser in issuing a qualifying PIN is that contracting timescales may be reduced if a PIN has been issued. A qualifying PIN is one that has been issued a minimum of 52 days and a maximum of 12 months prior to the issue of the Tender Notice.

3. **The Restricted Procedure**

This procedure should be used where tenders are to be invited on the basis of a select list of tenderers.

- 1) A notice in the prescribed form seeking requests to participate in a tender exercise shall be published in the European Union Official Journal specifying a date for the receipt of requests to tender of not less than 37 days from the date of despatch of the notice. Following the drawing-up of a select list of tenderers, a period of not less than 40 days must be allowed between the invitation to tender and the return of tenders. Where a prior information notice has been published this period may be reduced to 26 days.
- 2) Not less than 5 nor more than 20 tenderers should be invited to tender. A minimum of 5 must be invited in addition to the Council's DSO.

The invitation to tender must be sent simultaneously to each contractor selected to tender.
- 3) Following the award of a contract, an award notice must be published in the prescribed form in the EU Journal not later than 48 days after the award.

The Negotiated Procedure

This procedure should be used where terms of contract are negotiated with one or more selected persons.

THIS PROCEDURE MAY ONLY BE USED WHERE THERE ARE SPECIAL CIRCUMSTANCES WHICH JUSTIFY ITS USE. THESE MUST BE APPROVED BY THE HEAD OF LEGAL AND DEMOCRATIC SERVICES BEFORE THE NEGOTIATED PROCEDURE MAY BE USED.

C. **CONTRACTS FOR CONSTRUCTION WORK**

Contracts for construction and engineering works must comply with the Public Works Contracts Regulations 1991 (No. 2680).

*** This figure is subject to review every 2 years.**

The Regulations apply to all contracts for construction and engineering work where the contract value exceeds **£3.6m***. Where work forming part of an overall construction is divided into separate contracts, the value of the contract is taken to be the aggregate sum of the value of the separate contracts.

Procedure

1. **Prior Information Notice**

As soon as possible after the decision approving the planning of the works, a prior information notice *can* be placed in the European Union Official Journal.

2. **The Open Procedure**

Where the open procedure is to be used, without the use of a select list of tenderers, a notice in the prescribed form should be placed in the European Union Official Journal inviting tenders and giving not less than 52 days from the date of despatch of the notice for the return of tenders.

Contract documents shall be provided within 6 days of receipt of a request from a prospective tenderer.

Where a prior information notice has been placed in the European Union Official Journal, the period of 52 days from the date of despatch of the notice to the return of tenders may be reduced to 36 days.

3. **The Restricted Procedure**

This procedure should be used where tenders are to be invited on the basis of a select list of tenderers.

1) A notice in the prescribed form seeking requests to participate in a tender exercise shall be published in the European Union Official Journal specifying a date for the receipt of requests to tender of not less than 37 days from the date of despatch of the notice. Following the drawing-up of a select list of tenderers, a period of not less than 40 days must be allowed between the invitation to tender and the return of tenders. Where a prior information notice has been published, this period can be reduced to 26 days for the negotiated procedure.

2) Not less than 5 nor more than 20 tenderers should be invited to tender. A minimum of 5 must be invited in addition to the Council's DSO.

The invitation to tender must be sent simultaneously to each contractor selected to tender.

3) Following the award of a contract, an award notice must be published in the prescribed form in the European Union Official Journal no later than 48 days after the award.

The Negotiated Procedure

This procedure should be used where terms of contract are negotiated with one or more selected persons.

THIS PROCEDURE MAY ONLY BE USED WHERE THERE ARE SPECIAL CIRCUMSTANCES WHICH JUSTIFY ITS USE. THESE MUST BE APPROVED BY THE HEAD OF LEGAL AND DEMOCRATIC SERVICES BEFORE THE NEGOTIATED PROCEDURE MAY BE USED.

Glossary of Defined Terms

| | |
|--|--|
| Approved list | A list drawn up in accordance with the standing orders. |
| Award criteria | The criteria by which the successful quotation or tender is to be selected. |
| Best value | The duty on local authorities to secure continuous improvement in the way in which functions are exercised, having due regard to a combination of economy, efficiency and effectiveness as implemented by the Council. |
| Bond | An insurance policy. If the contractor does not do what it has promised under a contract with the Council, the Council can claim from the insurer the sum of money specified in the bond (often 10% of the contract value). A bond is intended to protect the Council against a level of cost arising from the contractor's failure. |
| Candidate | Any person who asks or is invited to submit a quotation or tender. |
| EC Procedure | The procedure required by the EC where the total value exceeds the EC threshold. |
| Financial Regulations | The financial regulations issued by the <i>Executive Director – Resources & Support Services</i> and approved by the Council. |
| <i>Executive Director – Resources & Support Services</i> | As identified in the constitution. |
| <i>Legal Services Manager</i> | As identified in the constitution. |
| Invitation to tender | Invitation to tender documents in the form required by standing orders. |
| Nominated suppliers and sub contractors | Those persons specified in a main contract for the discharge of any part of that contract. |
| Officer | The officer designated by the <i>Executive Director</i> to deal with the contract in question. |
| Open procedure | All candidates are invited to bid in response to advertisement. |
| Parent company guarantee | A contract which binds the parent of a subsidiary company as follows: If the subsidiary company fails to do what it has promised under a contract with the Council, they can require the parent company to do so instead. |
| Quotation | A quotation of price and any other relevant matter (without the formal issue of |

an invitation to tender).

Scrutiny Committee As identified in the constitution or any sub group the Scrutiny Committee sets up.

Shortlisting Where candidates are selected:

- To quote or bid; or
- To proceed to final evaluation.

Tender A candidate's proposal submitted in response to an invitation to tender.

Total value The whole of the value or estimated value (in money or equivalent value) for a single purchase or disposal, whether or not it comprises several lots or stages, to be paid or received by the Council or a discrete operational unit within the Council.

The total valued shall be calculated as follows:

- (a) Where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period.
- (b) Where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 12 months.
- (c) Where the contract is for an uncertain duration, by multiplying the monthly payment by 48.
- (d) For feasibility studies, the value of the scheme or contracts which may be awarded as a result.
- (e) For nominated suppliers and sub contractors, the total value shall be the value of that part of the main contract to be fulfilled by the nominated supplier or sub contractor.
- (f) Where an in house service provider is involved, by taking into account redundancy and similar/ associated costs.

FINANCIAL REGULATIONS

1.0 INTRODUCTION

- 1.1 The Council has a legal responsibility to make proper arrangements for the administration of its financial affairs, and must appoint an employee to undertake that responsibility. The employee so appointed is the Executive Director (Resources and Support Services). In addition, since public money is involved, the Council should be able to demonstrate that Members and Employees are acting with openness, integrity and accountability.
- 1.2 The Financial Regulations of Newcastle under Lyme Borough Council as set out in the following pages are aimed at achieving four main objectives:
- (a) To maintain sound and proper financial records, procedures, and arrangements for the administration of all the Council's financial affairs.
 - (b) To demonstrate to the public that proper safeguards and controls exist.
 - (c) To assist employees and Members in their delivery of services to the public.
 - (d) To safeguard Members and employees by giving them procedures to follow which ensure that the Council's expected standards are met in terms of managing public money and assets. In addition, employees can feel confident that they will have no difficulty in explaining their actions to Auditors, the Cabinet, Committees, Senior Managers or the public, if they have followed Financial Regulations.
- 1.3 All Members and employees have a personal responsibility for taking reasonable action to provide for the security of the assets under their control, for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value. This should be done whilst acting in accordance with these regulations.
- 1.4 The Executive Director (Resources and Support Services) is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Council. The Executive Director (Resources and Support Services) is also responsible for reporting, where appropriate, breaches of Financial Regulations to the Cabinet and the Council.
- 1.5 The Council's detailed financial procedures, setting out how the key regulations will be implemented, are shown as procedural regulations.
- 1.6 Directors are responsible for ensuring that all employees in their departments are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments.
- 1.7 The Financial Regulations have been divided into five areas reflecting the latest model regulations published by CIPFA. They are:
- Financial Management;
 - Financial Planning;
 - Risk Management and Control of Resources;
 - Financial Systems and Procedures;
 - External Arrangements.

For each of these there are key regulations and procedural regulations. Compliance to all is required. The procedural regulations are more detailed describing the actions required to ensure compliance with the key regulations. The key regulations relating to all five areas are set out first, followed by the procedural regulations relating to them.

- 1.8 Financial regulations and procedures must be capable of a clear "legal" interpretation. They have been written in a formal manner and **it must be remembered that it is the actual regulation and procedure that must be understood and observed.** In an effort to remove some of the complexities, each section of the booklet is followed by an explanatory note, which conveys the "spirit" of the

regulations. It is hoped that readers will find this helpful. **However, the explanatory notes do not form part of the Financial Regulations.** In addition where it is felt that a particular expression used in the regulations requires further definition, this has been provided in a Glossary to be found at the end of the regulations.

- 1.9 If you are in any doubt at all over compliance with a Financial Regulation, please consult the Financial Management Section of the Resources Directorate or Internal Audit.
- 1.10 Any reference in the Council's Financial Regulations to "the Cabinet" shall be deemed also to include any Sub-Committees of the Cabinet which may be given power to determine relevant matters.
- 1.11 Any reference in the Council's Financial Regulations to words denoting the masculine gender shall be deemed also to include reference to the feminine, and vice versa.
- 1.12 Wherever the Council acts in a trustee capacity regarding the affairs of charities and other bodies, these Financial Regulations shall apply.

SUMMARY TABLE SHOWING CONTENTS OF FINANCIAL REGULATIONS AND PROCEDURES AT A GLANCE

| Ref. | KEY REGULATIONS | RELATED PROCEDURAL REGULATIONS | Ref. |
|-------------|---|--|---|
| A | FINANCIAL MANAGEMENT includes: | | |
| A1-A12 | The Full Council The Cabinet Scrutiny Committee Standards Committee Audit and Risk Committee Other Regulatory Committees | Responsibilities of the Cabinet | Aa1 |
| A13-A22 | The Statutory role of officers Chief Executive Executive Director (Resources and Support Services) Directors | Responsibilities of the Executive Director (Resources and Support Services) Responsibilities of the Chief Executive and other Directors | Ab1 Ac1-Ac4 |
| A23 -A29 | Virement Treatment of year end balances Accounting policies Financial records E-commerce and the Internet Final accounts | Virement Financial Records Final Accounts Separation of Duties Grant and Other Claims | Ad1-Ad2 Ae1-Ae5 Af1-Af2 Ag1-Ag4 Ah1 |
| B | FINANCIAL PLANNING includes: | | |
| B1-B3 | Policy framework Preparation of the Corporate and Best Value Performance Plan | Performance plans | Ba1 |
| B4-B13 | Council tax Budget strategy & preparation Budget monitoring & control | General Fund Revenue Budget Format of the budget Revenue budget, preparation, monitoring and control Trading accounts Other accounts | Bb1 Bb1 Bb2-Bb20 Bc1-Bc3 Bf1 |
| B14-16 | Project Appraisal | | |
| B17 | Maintenance of reserves | Maintenance of reserves | Be1-Be4 |
| B18 | Preparation of the capital programme | Capital programme | Bd1-Bd22 |
| B19 | Guidelines on budget preparation | | |
| C | RISK MANAGEMENT AND CONTROL OF RESOURCES includes: | | |
| C1-C3 | Risk Management | Risk Management | Ca1-Ca3 |

| | | | |
|----------|---|--|---|
| | | Insurances | Cb1-Cb3 |
| C4-C6 | Internal Control | Internal controls | Cc1-Cc3 |
| C7-C9 | Audit requirements | Internal Audit External Audit | Cd1-Cd5 Ce1-Ce2 |
| C10 | Preventing fraud and corruption | Preventing fraud and corruption | Cf1-Cf3 |
| C11 | Assets | Assets Inventories Stocks Intellectual property Asset disposal Imprest accounts (petty cash) | Cg1-Cg5 Ch1-Ch6 Ci1-Ci8 Cj1-Cj2 Ck1-Ck2 Cm1-Cm2 |
| C12-C16 | Treasury management | Treasury management Banking arrangements | C11-C15 Cn1-Cn4 |
| C17-C20 | Staffing | Staffing | C01-Co3 |
| C21 | Gifts and Hospitality | | |
| D | SYSTEMS AND PROCEDURES includes: | | |
| D1-D2 | General | General Delegation Information security | Da1-Da2 Db1 Dc1 |
| D3 | Income & Expenditure | Recording & notification of sums due Separation of duties Receipts Money received Payment by credit & debit cards Security Banking Records Issue of Debtors Accounts Recovery procedures Write offs Fees & Charges Changes in sources of Revenue Requisitioning and Ordering of Work, Supplies & Services Contracts Works contracts | Dd1-Dd8 De1 Df1-Df2 Dg1-Dg4 Dh1-Dh7 Di1 Dj1-Dj5 Dk1-Dk3 Dl1-Dl4 Dm1-Dm2 Dn1-Dn2 Do1-Do2 Dp1 Dq1-Dq23 Dr1-Dr2 Dr3-Dr4 |

| | | | |
|----------|--|--|---|
| | | Completion of contracts Goods and materials contracts General Variations to contracts Paying for work, supplies & services | Dr5-Dr9 Dr10 Dr11-Dr12 Dr13-Dr15 Ds1-Ds14 |
| D4-D5 | Payments to Employees & Members | Payments to Employees & Members Allowances to Members, travelling and subsistence Travelling and subsistence allowances | Dt1-Dt10 Dt11-12 Dt13-15 |
| D6 | Taxation | Taxation | Du1-Du3 |
| D7 | Trading Accounts | Trading Accounts | Dv1-Dv2 |
| E | EXTERNAL ARRANGEMENTS: includes | | |
| E1-E5 | Partnerships | Partnerships | Ea1-Ea3 |
| E6 | External funding | External funding | Eb1-Eb2 |
| E7 | Work for third parties | Work for third parties | Ec1-Ec2 |

MONETARY AMOUNTS

| Ref. | | Amount |
|-------------|--|---|
| Ad1- Ad2 | Virement Directors approval limit notifiable to the Executive Director (Resources and Support Services) Cabinet limit above which it must be reported to Full Council | Below £20,000 Below £50,000 |
| Ac4 | Financial management Amount over which the Executive Director (Resources and Support Services) needs to be involved with negotiations and/or agreements/ arrangements | £50,000 |
| B13 | Variiances Significant variiances are those which are greater than: All variiances must be investigated if in excess of: | The larger of 10% of the budget or £1,000 £20,000 |
| B14 | Benefits Management Model Estimated cost of improvement project above which the model must be employed | £20,000 |
| B15 | Capital Appraisals Estimated cost of capital project above which an appraisal must be carried out | £20,000 |
| Cb3 | The minimum level of Public Liability insurance cover as specified by the Cabinet, subject to agreement of the Executive Director (Resources and Support Services) | £5,000,000 |
| Ch1 | Inventories Level above which items should be included on an inventory | £50 |
| Ci8 | Stock levels (amounts which may be written off) (a) Executive Director (Resources and Support Services) | Below £1,000 |
| | (b) Cabinet | Above £1,000 |
| Cm2 | Petty Cash Amounts to be paid out of Petty Cash - Not to exceed | £100 |
| Cn3 | Banking arrangements Cheques requiring personal signatures are: (a) Creditors, in excess of (b) Housing Benefits, in excess of (c) Wages and Salaries, in excess of | £30,000 £5,000 £5,000 |
| Dh5 | Payment by Credit and Debit cards Authorisation required through the bank terminal for amounts above: (a) Credit cards (b) Debit cards | £10 £50 |
| Dh7 | Payment by Credit and Debit cards Limit above which Credit card payments are acceptable | £10 |
| Dj4 | Banking Amount above which money is to be banked without delay | £500 |
| Dk3 | Records Amount above which schedules of amounts outstanding where a debtors account has not been raised need supplying to the Executive Director (Resources and Support Services) | £100 |
| D12 | Issue of debtors accounts Amount below which it is considered uneconomic to raise an account | £40 |
| Dn1 | Write offs of Debtors Accounts (a) Approval from the Executive Director (Resources and Support Services) below (b) Approval from Cabinet above | £2,500 £2,500 |
| Dq18 | Ordering of work, supplies and services (a) Low value procurement: Where alternative prices are available for the level of estimated cost and a minimum of two written quotations is required; (b) Intermediate value procurement: Where alternative prices are available for the level of estimated cost and a minimum of three written quotations is required. High value procurement: The estimated cost above which Financial | £3,000 < £30,000 £30,000 < £50,000 > £50,000 |

| | | |
|------|--|---------|
| | Regulations and Standing Orders relating to contracts shall apply. | |
| Dq22 | The amount above which Standing Orders and Financial Regulations in relation to contracts applies to orders of a repetitive nature when totalled | £50,000 |
| Ds12 | Paying for work, supplies and services. Amount above which schedules of accounts need supplying to the Executive Director (Resources and Support Services) | £100 |

KEY REGULATIONS

A: FINANCIAL MANAGEMENT

- A1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.
- A2 All employees and Members have a duty to abide by the highest standards of probity in dealing with financial issues, to be aware of and comply with these Financial Regulations.
- A3 **DEPARTURES:** In the event of it being impracticable to apply any of these Regulations in any particular case the Executive Director (Resources and Support Services) shall be authorised to waive compliance subject to reporting any major departure to the next meeting of the Cabinet.

The Full Council

- A4 The Full Council shall be responsible for:
- (a) Adopting the Council's constitution and Members' code of conduct and for approving the policy framework and budget within which the Cabinet operates. It shall also be responsible for approving and monitoring compliance with the Council's overall framework of accountability and control in the form of standing orders and financial regulations and for monitoring compliance with the agreed policy and related Cabinet decisions;
 - (b) Approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

The Cabinet

- A5 The Cabinet shall be responsible for proposing the policy framework and budget to the Full Council, and for discharging executive functions in accordance with the policy framework and budget.
- A.6 Cabinet decisions can be delegated to a committee of the Cabinet, an individual Cabinet Member, an employee or a joint committee.
- A.7 The Cabinet has the authority:
- (a) to consider all financial matters which are of an executive nature or not reserved by law to Full Council;
 - (b) to investigate any aspect of income and expenditure relating to all departments of the Council, and to call for the production of all relevant documentation necessary for such an investigation;
 - (c) after a full investigation to make such recommendations to the Full Council as it considers necessary, with a view to securing greater economy in the administration of the services controlled by the Council and on financial matters generally.
 - (d) To determine any matter, which is an executive function or not reserved by law to Full Council.
- A8 The Cabinet shall:
- (a) be responsible for establishing protocols to ensure that individual Members of Cabinet consult with relevant employees before taking a decision within their delegated authority. In doing so, the individual Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

Scrutiny Committee

- A9 The Scrutiny Committee shall be responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding the Cabinet to account. The Scrutiny Committee

shall also be responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

Standards Committee

- A10 The Standards Committee shall be responsible for promoting and maintaining high standards of conduct amongst Members. In particular, it is responsible for advising the Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code.

Audit and Risk Committee

- A11 The Audit and Risk Committee shall have right of access to all the information it considers necessary and can consult directly with internal and external auditors. It shall be responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report and for approving and reviewing the internal audit plan.

Other regulatory committees

- A12 Planning, Licensing, Public Protection and other regulatory functions are not Cabinet functions but are exercised through the Planning, Licensing, Public Protection and other regulatory committees under powers delegated by the Full Council. These committees report to the Full Council.

The statutory role of officers

Chief Executive

- A13 The Chief Executive shall be designated as The Head of Paid Service and shall be responsible for the corporate and overall strategic management of the Council as a whole. He shall report to and provide information for the Cabinet, the Full Council, the Scrutiny Committee and any other committees. He shall be responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Council. He shall also be responsible for the system of record keeping in relation to the Full Council's decisions (see below).
- A14 The Chief Executive must ensure that Cabinet decisions and the reasons for them are made public. He must also ensure that Council Members are aware of decisions made by the Cabinet and of those made by employees who have delegated executive responsibility.

Executive Director (Resources and Support Services)

- A15 The Executive Director (Resources and Support Services) is responsible for advising the Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- (a) initiating a new policy;
 - (b) committing expenditure in future years to above the budget level;
 - (c) incurring interdepartmental transfers above virement limits;
 - (d) causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- A16 The Executive Director (Resources and Support Services) shall, in carrying out his functions, have regard to his statutory duties (which cannot be over-ridden) in relation to the financial administration and stewardship of the Council arising from:
- (a) Section 151 of the Local Government Act 1972;
 - (b) The Local Government Finance Act 1972;
 - (c) The Local Government Act 2003;
 - (d) The Accounts and Audit Regulations 2003 or any successor legislation.

- A17 The Executive Director (Resources and Support Services) shall be responsible for:
- (a) the proper administration of the Council's financial affairs;
 - (b) setting and monitoring compliance with financial management standards;
 - (c) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
 - (d) preparing the revenue budget and capital programme;
 - (e) treasury management.
- A18 The Executive Director (Resources and Support Services), in accordance with Section 114 of the Local Government Finance Act 1988, shall report to the Full Council, Cabinet and external auditor if the Council or one of its employees:
- (a) has made, or is about to make, a decision which involves incurring unlawful expenditure;
 - (b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;
 - (c) is about to make an unlawful entry in the Council's accounts.
- A19 The Executive Director (Resources and Support Services) shall nominate a properly qualified Member of staff to deputise should he be unable to perform his duties under Section 114 personally.
- A20 The Council shall provide the Executive Director (Resources and Support Services) with sufficient employees, accommodation and other resources, including legal advice where this is necessary, to carry out his duties under Section 114.

Monitoring Officer

- A21 The Monitoring Officer shall be responsible for:
- (a) reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Cabinet and for ensuring that procedures for recording and reporting key decisions are operating effectively;
 - (b) advising all Members and employees about who has authority to take a particular decision;
 - (c) advising the Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework;
 - (d) maintaining an up-to-date constitution.

Directors

- A22 Directors and their delegated representatives shall be responsible for:
- (a) Ensuring that Cabinet Members are advised of the financial implications of all proposals and that the Executive Director (Resources and Support Services) has agreed the financial implications;
 - (b) Consulting with the Executive Director (Resources and Support Services) and seeking approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

Virement

- A23 The Full Council shall determine the limits, above which a Director may not approve virement without reference to the Full Council. The limits may be set by reference to an absolute amount or to a specified percentage of a budget head. Any virement between budget heads should **only** be made in order to cover any **unavoidable** overspendings elsewhere and must be notified to and agreed **in advance** with the Executive Director (Resources and Support Services).

Treatment of year-end balances

- A24 Carry forward to the following financial year of under or overspendings on budget headings shall only be permitted with the prior approval of the Executive Director (Resources and Support Services).

Accounting policies

- A25 The Council will comply, in all cases, with the Accounts and Audit Regulations 2003 and any other Regulations, Accounting Codes of Practice or external audit requirements that may replace or supplement them.
- A26 The Executive Director (Resources and Support Services) shall be responsible for selecting accounting policies and ensuring that they are applied consistently. Directors shall adhere to the accounting policies and guidelines approved by the Executive Director (Resources and Support Services).

Financial records

- A27 The Executive Director (Resources and Support Services), in consultation with Directors, shall determine all accounting procedures and the form and content of all of the Council's financial records, both manual and computerised. No introductions or amendments shall be made without his approval.

E-Commerce and the Internet

- A28 The Council is committed to maximise the benefits available from the introduction of e-commerce and the use of the Internet. Therefore all reference to documents and procedures for their use should be taken to allow for the use of electronic facilities instead of printed matter where appropriate and where approval has been given by the Executive Director (Resources and Support Services) in advance.

Final Accounts

- A29 The Executive Director (Resources and Support Services) shall prepare and publish an annual statement of accounts, in accordance with the relevant code of practice currently in force and in accordance with the statutory timetable. The Full Council shall approve the statement of accounts, following its scrutiny by the Audit and Risk Committee, and any amendments subsequently made to it.

B: FINANCIAL PLANNING

Policy framework

- B1 The Full Council shall:
- (a) Agree and approve the Council's policy framework and budget, the key elements of which will be the Community Plan, Best Value Performance Plan, General Fund Revenue Budget and the Capital Strategy and Programme;
 - (b) Approve variations to approved budgets, where those variations increase the overall amount of the budget or are contrary to the approved policy framework;
 - (c) Approve variations to plans and strategies forming the policy framework;
 - (d) Determine the circumstances in which a decision will be deemed contrary to the budget or policy framework;
 - (e) Set the level at which Directors may reallocate budget funds from one service to another. Directors shall be responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the limits set by the Full Council.

Preparation of the Community Strategy and Best Value Performance Plan

- B2 The Chief Executive is responsible for proposing a Community Strategy to the Cabinet for consideration before its submission to the Full Council for approval.
- B3 The Chief Executive is responsible for proposing a Best Value Performance Plan to the Cabinet for consideration before its submission to the Full Council for approval.

Council Tax

- B4 The Cabinet shall recommend, and the Full Council approve, the Council Tax to be set by the Council.

Budget strategy and preparation

- B5 The Executive Director (Resources and Support Services) shall ensure, in relation to the General Fund, that a Revenue Budget is prepared on an annual basis, together with a Medium Term Financial Strategy covering a minimum of three years beyond the current year, for submission to the Cabinet for approval. The Cabinet will recommend the budget to Full Council for approval.
- B6 The Cabinet shall, no later than the end of September each year, consider and agree the strategy to be followed in the preparation of the General Fund Revenue Budget and the Capital Programme, in particular, for the following year, but also generally for, at least, the next three years (the budget strategy). In order to achieve this it will:
- (a) Review the current capital and revenue service programmes and expenditure, taking into account the Council's corporate priorities and approved policies; partnership working, consultation with and the needs of the community;
 - (b) Analyse gaps in service provision and evaluate and prioritise all new initiatives and statutory duties requiring resources;
 - (c) Assess the capital and revenue resources available to the Council;
 - (d) Seek to match the resources in (c) to the priorities in (a) and (b).
- B7 The Cabinet will have regard to the following factors when considering and agreeing the budget strategy in respect of its review of current programmes:
- (a) Information contained in the current budget book supported by supplementary notes and supporting information; the Council's approved or emerging Community Strategy, policies and business plans; the results of any best value service reviews; the latest reports on all areas of partnership working and the results of consultation with the community, businesses and other partners; including an analysis of needs and gaps;
 - (b) In the evaluation and prioritisation of new initiatives and statutory duties whether mandatory or discretionary; the level of support for each of the Council's key priorities;

the capital and revenue implications; involvement of partners and the implications if not carried out;

- (c) In respect of its assessment of available resources: the latest information concerning available capital and revenue resources in the light of the previous year's out-turn and assumptions for the following year;
 - (d) In respect of the matching of resources to priorities: new initiatives are to be weighed and prioritised both against each other and against current programmes and services.
- B8 The Executive Director (Resources and Support Services) shall advise the Cabinet and Full Council on the robustness of the revenue budget and provide all necessary information to the Cabinet to enable it to carry out the process of consideration and agreement of the budget strategy.
- B9 Following agreement of the budget strategy by the Cabinet, it shall be referred to the Scrutiny Committee for their consideration and the results of such scrutiny shall be reported back to the Cabinet, which shall reconsider the strategy in the light of any comments made.
- B10 The Cabinet shall issue guidance on the general content of the General Fund Revenue Budget and, following advice from the Executive Director (Resources and Support Services), on any assumptions to be made or particular factors to be taken into account in its preparation.
- B11 Directors shall
- (a) Assist the Executive Director (Resources and Support Services) in presenting the budget strategy to Cabinet by providing him with any supporting information or data required to enable him to adequately report to the Cabinet;
 - (b) Prepare budget estimates reflecting agreed service plans in line with guidance issued by the Cabinet. These estimates shall be aggregated and summarised by the Executive Director (Resources and Support Services) and submitted by him, in that form, to the Cabinet for approval. At the same time he will recommend proposed taxation levels and the other means of financing the proposed budget, including any contributions from reserves; and
 - (c) Prepare Service and Financial Plans to feed into the financial information collated by the Chief Executive in the format approved by him.

Budget monitoring and control

- B12 The Executive Director (Resources and Support Services) shall provide appropriate financial information to enable Directors to monitor budgets effectively. He, assisted by Directors as set out in the Regulation below, shall monitor and control expenditure and income against budget allocations and report to the Cabinet on the overall position on a regular basis.
- B13 Directors shall control expenditure and income within their areas of responsibility, taking account of financial information provided by the Executive Director (Resources and Support Services). They shall report on variances within these areas and take any action necessary to avoid exceeding their budget allocation and alert the Executive Director (Resources and Support Services) to any problems of which they become aware. They shall provide the Executive Director (Resources and Support Services) with any information that he may require in order that he may report to the Cabinet upon expenditure or income compared to budget.
- B14 If an improvement project (either of a capital or revenue nature) is proposed, and for which no current provision exists in a budget, the Benefit Management Model will be employed in order to identify the benefit arising from the project, make the business case for it and to monitor the realisation of the ensuing benefits.
- B15 If a capital project other than an improvement project is proposed, it will be subject to an appraisal. The appraisal shall be in a form approved by the Cabinet but such appraisal shall, as a minimum, set out the project's contribution towards meeting corporate objectives and service priorities, its output measures and milestones, its cost and sources of funding. The results of this appraisal will be included in any report made to the Cabinet or Council

requesting approval to carry out the scheme. Upon completion of the project, a report shall be made to the Cabinet detailing the actual performance compared with the data contained in the original appraisal.

- B16 The Requirement to employ the Benefits Management Model or to submit capital projects to appraisal will apply in cases where the proposed cost exceeds the sum specified in the table of “Monetary Amounts”. The Executive Director (Resources and Support Services) may waive the requirement in cases where he considers this to be appropriate.

Maintenance of reserves

- B17 The Executive Director (Resources and Support Services) shall advise the Full Council and the Cabinet on prudent levels of reserves for the Council.

Preparation of the capital programme

- B18 The Executive Director (Resources and Support Services) shall prepare a Capital Programme on an annual basis for consideration and approval by the Cabinet and the Full Council. He shall also update the Programme on a regular basis during each year and report thereon to the Cabinet. In considering the total amount of the capital programme the Cabinet and the Full Council shall have regard to the resources available or expected to be available, to the Council to finance such a programme over the period covered by it, including the revenue consequences of the programme. The Executive Director (Resources and Support Services) shall report to the Cabinet and the Full Council at the time that the programme is considered upon the availability of such resources.

Guidelines

- B19 Guidelines on budget preparation are issued to Members and Directors by the Cabinet following agreement with the Executive Director (Resources and Support Services). The guidelines will take account of:
- Legal requirements
 - Medium long term planning prospects
 - The corporate plan
 - Available resources
 - Risk factors
 - Spending pressures
 - Best value and other relevant government guidelines
 - Other internal policy documents
 - Cross cutting issues (where relevant).

C: RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

- C1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

Risk management

- C2 The Cabinet shall be responsible for approving the Council's risk management strategy and for reviewing the effectiveness of risk management. The Cabinet shall be responsible for ensuring that proper insurance exists where appropriate.
- C3 The Chief Executive shall be responsible for preparing the Council's risk management strategy, for promoting it throughout the Council and for advising the Cabinet on proper insurance cover where appropriate.

Internal control

- C4 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.
- C5 The Executive Director (Resources and Support Services), in conjunction with the Audit Manager, shall be responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C6 Directors shall 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.

Audit requirements

- C7 The Accounts and Audit Regulations 2003 require every Council to maintain an adequate and effective internal audit.
- C8 The Audit Commission is responsible for appointing external auditors to each Council. 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.
- C9 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

Preventing fraud and corruption

- C10 The Audit Manager shall be responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

Assets

- C11 Directors shall ensure that records and assets are properly maintained and securely held. They shall ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Treasury Management

- C12 The Council adopts the key recommendations of CIPFA's "Treasury Management in the Public Services: Code of Practice" (the Code), as described in Section 4 of that Code. Accordingly, it will create and maintain, as the cornerstones for effective treasury management:
- (a) A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities;
 - (b) Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- The content of the Policy Statement and the TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.
- C13 The Cabinet shall be responsible for the implementation and monitoring of the Council's treasury management policies and practices.
- C14 The Executive Director (Resources and Support Services) shall be responsible for the execution and administration of treasury management decisions. He shall act in accordance with the Council's Policy Statement and TMPs and if he is a CIPFA Member, CIPFA's "Standard of Professional Practice on Treasury Management". He may, in connection with leasing, share the responsibility with the relevant Director.
- C15 The Full Council shall receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year and an annual report after its close, in the form prescribed in the TMPs.
- C16 The Executive Director (Resources and Support Services) shall control all money in the hands of the Council and all investments of money and borrowings under its control shall be made in the name of the Council.

Staffing

- C17 The Full Council shall be responsible for determining how employee support for executive and non-executive roles within the Council will be organised.
- C18 The Chief Executive shall be responsible for determining the structure of services and for providing overall management to employees. He shall also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- C19 The Cabinet shall approve the posts that shall constitute the Council's establishment and shall also approve the grade that shall apply to each post.
- C20 Directors shall be responsible for controlling total employee numbers by:
- (a) Ensuring that an approved post exists (by reference to the establishment list) and that budget provision has been made to cover the cost of filling the post for the period contemplated before commencing the recruitment process.
 - (b) Advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels
 - (c) 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
 - (d) The proper use of appointment procedures.

Gifts and Hospitality

- C21 Every employee has a personal responsibility to be aware of and comply with the Council's Official Gifts and Hospitality Policy.

D: SYSTEMS AND PROCEDURES

General

- D1 The Executive Director (Resources and Support Services) shall:
- (a) be responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. The Executive Director (Resources and Support Services) must approve any changes made by Directors to the existing financial systems or the establishment of new systems;
 - (b) agree any changes to agreed procedures by Directors to meet their own specific service needs.
- D2 Directors shall:
- (a) ensure that their employees receive relevant financial training that has been approved by the Executive Director (Resources and Support Services);
 - (b) ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation;
 - (c) ensure that employees are aware of their responsibilities under freedom of information legislation;
 - (d) be responsible for the proper operation of financial processes in their own departments.

Income and Expenditure

- D3 Directors shall ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify employees authorised to act on the Director's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

Payments to Employees and Members

- D4 The Human Resources Manager shall be responsible for all payments of salaries and wages to all employees, including payments for overtime, and for payment of basic and special responsibility allowances to Members.
- D5 The Human Resources Manager shall be responsible for all payments of claimable allowances to Members.

Taxation

- D6 The Executive Director (Resources and Support Services) shall be responsible for advising Directors, on all taxation issues that affect the Council. Such advice shall be given in the light of guidance issued by appropriate bodies and relevant legislation as it applies. Responsibility for the maintenance of tax records, authorising tax payments, calculating tax credits due and the submission of tax returns by their due date shall be on the same basis.

Trading Accounts

- D7 The Executive Director (Resources and Support Services) shall be responsible for advising on the establishment and operation of trading accounts.

E: EXTERNAL ARRANGEMENTS

Partnerships

- E1 The Cabinet:
- (a) Shall be responsible for approving delegations, including frameworks for partnerships;
 - (b) Shall be the focus for forming partnerships with other public, private, voluntary and community sector organisations to address local needs;
 - (c) May delegate their functions – including those relating to partnerships – to employees. These are set out in the scheme of delegation that forms part of the authority's constitution. Where functions are delegated, the Cabinet remains accountable for them.
- E2 Where a delegation is made the Chief Executive or employee nominated by him shall represent the Council on partnership and external bodies, in accordance with the scheme of delegation.
- E3 The Chief Executive shall be responsible for promoting and maintaining the same high standards of conduct in partnerships that apply throughout the Council.
- E4 The Executive Director (Resources and Support Services) shall ensure that the:
- (a) Accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory;
 - (b) Overall corporate governance arrangements and legal issues are considered when arranging contracts with external bodies and if necessary, referred to the Legal Services Manager.
 - (c) Risks have been fully appraised before agreements are entered into with external bodies.
- E5 Directors shall be responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

External funding

- E6 The Executive Director (Resources and Support Services) shall be responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

Work for third parties

- E7 The Cabinet shall be responsible for approving the contractual arrangements for any work for third parties or external bodies.

PROCEDURAL REGULATIONS

A: FINANCIAL MANAGEMENT

Responsibilities of the Council

- Aa1 The Full Council shall:
- (a) approve and publish Financial Regulations governing the conduct of the Council's financial affairs. The regulations shall be reviewed and amended as necessary;
 - (b) have regard to the observance of the Council's Financial Regulations and Standing Orders throughout all Services under its control.

Responsibilities of the Executive Director (Resources and Support Services)

- Ab1 The Executive Director (Resources and Support Services) shall:
- (a) ensure the proper administration of the financial affairs of the Council (s151);
 - (b) set the financial management standards and monitor compliance with them;
 - (c) ensure proper professional practices are adhered to and act as head of profession in relation to the standards, performance and development of finance employees throughout the Council;
 - (d) advise on the key strategic controls necessary to secure sound financial management;
 - (e) ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of the Chief Executive and other Directors

- Ac1 Where responsibilities are attributed to the Executive Director (Resources and Support Services), ultimate authority rests with the Chief Executive, except with regard to the discharge of the responsibilities of the Executive Director (Resources and Support Services) under section 151 of the Local Government Act 1972 and section 114 of the Local Government Act 1988.
- Ac2 Every Director shall:
- (a) be responsible for the accountability and control of employees and the security, custody and control of all other resources including plant, buildings, materials, cash and stocks appertaining to his service;
 - (b) ensure that every employee under his control or person acting on the Council's behalf, shall be made aware of the contents of these regulations;
 - (c) promote the financial management standards set by the Executive Director (Resources and Support Services) in their services and monitor adherence to the standards and practices, liaising as necessary with the Executive Director (Resources and Support Services);
 - (d) promote sound financial practices in relation to the standards, performance and development of employees in their departments;
 - (e) provide on an annual basis written assurance as to the soundness of the systems of internal control they are responsible for.
- Ac3 All reports shall contain reference to any financial implications, which the item reported upon may have for the Council. This shall include whether the item is provided for in an approved budget, the proposed amount, any significant revenue consequences in future years, and the financing of any expenditure. The Executive Director (Resources and Support Services) shall approve the wording of all such references.
- Ac4 The Executive Director (Resources and Support Services) shall be consulted in all cases where an agreement or other arrangement, **in excess of the monetary amount as specified in these regulations**, with external third parties is contemplated which may have financial implications for the Council. Such consultations shall take place before such an agreement or other arrangement, is placed before the Full Council or Cabinet for its consideration, and in all cases before such an agreement or other arrangement, is formally entered into. Wherever he

considers it appropriate, the Executive Director (Resources and Support Services) shall take part in any negotiations or discussions concerning such an agreement or other arrangement.

Explanatory notes

Financial management standards need to be promoted through the Council and a monitoring system needs to be in place to review compliance with them. Regular comparisons of performance indicators and benchmark standards are reported to the Cabinet and the Full Council.

The Cabinet is responsible for all decisions made within the budget set by Full Council.

The Cabinet has delegated some of its financial responsibilities to the Executive Director (Resources and Support Services). It does however retain ultimate authority, and may at any time choose to exercise it. The Executive Director (Resources and Support Services) may, in appropriate cases refer items back to the Cabinet for its consideration.

The law requires that there must be a designated employee legally responsible for the Council's financial affairs, the Section 151 officer. The Council has therefore designated the Executive Director (Resources and Support Services) as the legally responsible employee.

Financial Regulations will be drawn up by the Executive Director (Resources and Support Services) and approved by the Full Council to provide the framework and lay down the ground rules for the conduct of the Council's financial affairs. These Regulations will be regularly reviewed and revised to keep them up to date.

All of the following must enforce and comply with Financial Regulations: the Cabinet, Directors, Council Employees, and any other person or body acting on the Council's behalf - e.g. a contractor where services have been contracted out.

The financial implications of any reports submitted to the Cabinet should always be outlined in the text and agreed with the Executive Director (Resources and Support Services) in advance.

The Executive Director (Resources and Support Services) should be involved in discussions, negotiations and/or arrangements with third parties where there are to be financial implications in excess of the approved monetary amount.

Financial Regulations apply to employees and Members dealing with the affairs of charities and other organisations, e.g. Barracks Trust, etc.

Virement

Ad1 Virement to meet an estimate variation shall not be permitted:

- (a) where the amount of the estimate variation to be met from virement exceeds the limit which has been determined by Full Council, in accordance with Financial Regulation A23, unless it has been referred to the Cabinet, or back to the Full Council if it exceeds the limits for the Cabinet;
- (b) where the budget head or heads from which virement is proposed to be made relate to any of the following centrally controlled estimates, unless it has been referred to the Executive Director (Resources and Support Services), who shall determine whether the proposal may be dealt with in accordance with relevant Financial Regulations or whether it shall be referred to the Full Council:
 - i Capital Financing Charges;
 - ii Central Support Services recharges;
 - iii Contributions to reserves or provisions;
 - iv Any other budget head specified by the Executive Director (Resources and Support Services) or the Cabinet;

- (c) where the saving on a budget head or heads from which virement is proposed to be made should, in the opinion of the Executive Director (Resources and Support Services), be treated as a Corporate saving;
- (d) where the Cabinet and Full Council has already turned down the project in principle.

Ad2 Where during the course of the financial year, it is proposed to incur new or additional expenditure or to reduce income in respect of an item not provided for, or insufficiently provided for, within an approved budget. Virement should be the first option, which should be considered to deal with the resulting budget variation.

Explanatory notes

Virement is administered by the Executive Director (Resources and Support Services) within the guidelines set by the Full Council; any variation from this requires Full Council approval.

The overall budget is set by the Cabinet and approved at Full Council. Directors are authorised to incur expenditure in accordance with the approved estimates. These procedures cover virement – the switching of resources between approved estimates or heads of expenditure.

A budget head is considered to be a line in the approved estimate.

Virement does not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors must plan to fund such commitments from within their own budgets.

Financial Records

- Ae1 The Executive Director (Resources and Support Services) shall be consulted before the introduction of, or amendment to, any books, forms, records, administrative procedures or computerised systems used in connection with accounting for cash, income, expenditure, stocks and financial transactions generally. No such introductions or amendments shall be made without his approval.
- Ae2 All of the Council's transactions, material commitments and contracts and other essential accounting information shall be recorded completely, accurately and promptly. Directors must maintain adequate records to provide a management trail leading from the source of expenditure/income through to the accounting statements.
- Ae3 All financial records must be kept securely, and shall be retained for periods specified by the Executive Director (Resources and Support Services). Arrangements for the disposal of any obsolete or surplus records, including unused items, shall be agreed with the Executive Director (Resources and Support Services). Disposal of confidential waste must be made in compliance with the Council's Information Security Management Policy.
- Ae4 The Executive Director (Resources and Support Services) shall keep a Cash Book or Account recording, in summary form, all receipts and payments of the Council. The Cash Book or Account shall be kept up to date and be reconciled promptly to the Council's bank accounts following the end of each calendar month.
- Ae5 Records should be in electronic form where appropriate and approved by the Executive Director (Resources and Support Services).

Explanatory notes

All executive Members, finance employees and budget managers must operate within the required accounting standards and timetables

All of the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis

Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.

Reconciliation procedures are carried out to ensure transactions are correctly recorded.

Prime documents are retained in accordance with legislative and other requirements.

Final Accounts

- Af1 The Executive Director (Resources and Support Services) shall in accordance with the Accounts and Audit Regulations 2003 or any successor legislation:
- a) prepare Final Accounts to summarise the financial transactions of the Council during each year of account and to show the financial position of the Council at the end of each year of account. Each year of account shall commence on the first of April and end on the thirty first of March;
 - b) make proper arrangements for the audit of the Council's accounts.
- Af2 Directors shall supply the Executive Director (Resources and Support Services) with any information that he requires in order to produce the Council's Final Accounts and Statement of Accounts. Such information shall be supplied in the form requested by the Executive Director (Resources and Support Services) and by the date specified by him.

Explanatory notes

The Council is required to make arrangements for the proper administration of its financial affairs and to identify an employee with the responsibility for the administration of these affairs, the Executive Director (Resources and Support Services).

The statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC).

Separation of Duties

- Ag1 The task of providing information, calculating, checking and recording the sums due to or from the Council shall be separated as completely as possible from the task of collecting or paying out these sums.
- Ag2 Employees responsible for examining and checking records of cash transactions shall not themselves be engaged in any of these transactions.
- Ag3 Wherever possible, arrangements shall be made to ensure that:
- (a) the ordering of works, supplies and services;
 - (b) the acknowledgement of their receipt; and
 - (c) the examination /certification of invoices /accounts
- are carried out by different persons. The Executive Director (Resources and Support Services) shall be informed, in writing, of situations where this cannot occur in practice.
- Ag4 Each Director must notify the Executive Director (Resources and Support Services) in advance of all employees authorised to sign or certify official documents in accordance with Financial Regulations.

Explanatory Notes

The separation of duties is most important to protect the Council against the possibility of fraud, and to place its employees above suspicion. Different employees should therefore, perform the functions

of ordering and paying for supplies and services, collection of sums due and the verification of such operations.

Grant and Other Claims

Ah1 The Executive Director (Resources and Support Services) shall ensure, in conjunction with Directors that all claims for funds, including grants are made by the due date and that the grants coordinator, based in Financial Management, is notified of all grants and claims in advance and provided with actual forms, documents and supporting evidence verifying entries on the grants and claims in advance of their certification as required by the Executive Director (Resources and Support Services).

B: FINANCIAL PLANNING

Performance Plans

- Ba1 Directors and Senior Managers shall
- (a) supply to the Policy and Performance Manager any information, relevant to services within their areas of responsibility, required for inclusion in performance plans, or for monitoring performance targets included in such plans, in accordance with statutory requirements and agreed timetables.
 - (b) contribute to the development of performance plans, corporate and service targets and objectives and performance information.
 - (c) ensure that systems are in place to measure activity and collect accurate information for use as performance indicators
 - (d) ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met and to take any such action whenever necessary.

Explanatory notes

Performance plans should be produced so that they are consistent and in accordance with statutory provisions. Plans should meet timetables set and all performance information included in them should be accurate, complete and up to date. Plans should provide improvement targets that are SMART, specific, measurable, achievable, realistic and timed.

General Fund Revenue Budget

Format of the budget

- Bb1 Estimates shall show in convenient detail the sums required for each purpose and also under comparative headings the original estimate, and probable result for the current financial year, and the actual result for the last completed year. Estimates shall comply with the Code of Practice currently in force in relation to financial reporting and any guidance issued by the Cabinet

Revenue budget, preparation, monitoring and control

- Bb2 The timetable and procedures for estimate preparation and the detailed format of the estimates will be determined and co-ordinated by the Executive Director (Resources and Support Services).
- Bb3 The Executive Director (Resources and Support Services) shall aggregate and summarise the estimates prepared by the Directors in order to report thereon to the Cabinet. He shall advise the Cabinet as to the robustness of the estimates and ensure that they are compiled on a 'proper' basis. When reported to Cabinet the budgets will include the relevant prudential indicators demonstrating the impact of capital expenditure on the revenue budget.
- Bb4 Items which are proposed to be included in the budget and which involve a new policy, or a significant departure from present policy or create financial commitments in future years, shall be brought to the attention of the Executive Management Team before being included in the budget submitted to the Cabinet. Their inclusion shall be drawn to the attention of the Cabinet in the accompanying report. No commitment to any such new policies or departures shall be incurred until the Cabinet has approved their inclusion in the budget.
- Bb5 Directors shall be authorised to incur expenditure and must collect income strictly in accordance with the estimates contained in the approved budgets relating to services within their areas of responsibility.
- Bb6 Each Director shall continuously monitor the budgets relating to services within his area of responsibility in order to determine:

- (a) that approved estimates of expenditure within those budgets are not, or are not likely to become, overspent; and
 - (b) that approved estimates of income within those budgets are likely to be matched by actual receipts of income.
- Bb7 The Executive Director (Resources and Support Services) shall be responsible for overall budget monitoring. He shall provide suitable regular reports to Directors, containing details of actual expenditure and income compared to the corresponding approved estimates, to assist them to fulfil their responsibility for controlling budgeted expenditure and income under Procedural Financial Regulation Bb6. He shall also notify the Director in any case where he believes that an estimate, forming part of a budget for which the Director is responsible, has been or may become exceeded by actual expenditure or, in the case of an income estimate, not matched by actual income.
- Bb8 If it appears to a Director that an excess of expenditure or a shortfall in income has occurred, or is likely to occur, in relation to any of the estimates forming part of a budget for which he is responsible, he shall take immediate steps to deal with the variation from the approved estimate.
- Bb9 In order to deal with a variation from an approved estimate a Director shall:
- (a) where a variation appears likely, but has not yet occurred, immediately take action to reduce the level of activity relating to the budget head in question, thereby containing expenditure within the approved estimate; or
 - (b) after consultation with the Executive Director (Resources and Support Services), determine that the increased cost can be met from an increase in the amount of income to be received; or
 - (c) determine that the variation can be met by means of virement from another budget head or heads (in accordance with the scheme of virement set out in Procedural Financial Regulations Ad1).
- All instances of the use of Directors' authority under a, b, and c above shall be recorded in a form approved by the Executive Director (Resources and Support Services).
- Bb10 Where he is consulted by a Director with regard to any of the proposals described in Procedural Financial Regulation Bb9, for dealing with an estimate variation. The Executive Director (Resources and Support Services) shall be authorised to either approve the proposal or require it to be referred to the Cabinet for approval.
- Bb11 A Director shall not be permitted to take any of the measures described in Procedural Financial Regulation Bb9 if to do so would result in a significant reduction in the level of service provided to the general public. Any measure which would, for this or any other reason, constitute a material departure from the policies implicit in the approved budget shall be referred to the Cabinet.
- Bb12 Where a Director is unable to deal with the occurrence, or likely occurrence, of a variation from an approved budget estimate by means of any of the measures described in Procedural Financial Regulation Bb9 he shall immediately report it to the Cabinet.
- Bb13 All reports to the Cabinet concerning budget estimate variations shall contain the reason(s) for the variation from the approved estimate and the implications, if any, for future years' budgets and shall recommend that the Cabinet:
- (a) amends the approved estimate relating to the budget head in question by approving virement from another budget head or heads of an amount equivalent to the amount of the variation; or
 - (b) approves a supplementary estimate for the amount of the variation.
- Bb14 The Cabinet on receiving a report concerning budget variations shall resolve to either approve virement or a supplementary estimate.
- Bb15 Where a Director proposes to incur expenditure:
- (a) for a purpose which has not been estimated for within an approved budget; or

- (b) which will result in an approved estimate relating to a budget head becoming overspent; this shall be treated as a variation from an approved estimate and all Financial Regulations relating to such variations shall apply.
- Bb16 Where it can be demonstrated that urgent Cabinet approval, outside of normal Cabinet meeting dates, is necessary for a proposal to make a supplementary estimate or approve virement the following extraordinary procedures shall apply:
- (a) The relevant Director in consultation with a Member of the Cabinet may give approval, in writing, to the proposal.
 - (b) The relevant Director should state the advice given by the Executive Director (Resources and Support Services) on the financial implications of the proposal in writing to the Member.
 - (c) The proposal shall be reported to the next meeting of the Cabinet for information. A copy of all such approvals shall be provided to the Democratic Services Manager.
- Bb17 Directors shall ensure that performance and levels of service are monitored in conjunction with the budget and that necessary action is taken to align service outputs with budgets. In order to achieve this they shall ensure that a monitoring process is in place to review performance and levels of service and that it is operating effectively.
- Bb18 Directors shall seek to identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.
- Bb19 Within their areas of responsibility Directors shall designate particular named employees as Budget Holders in respect of cost centres or groups of cost centres. Budget Holders shall be responsible for assisting the relevant Director to discharge his responsibility in respect of budget preparation, monitoring and control as set out in these regulations. Budget Holders shall be specifically responsible only for income and expenditure that they can influence. Directors shall notify the Executive Director (Resources and Support Services) of the employees who have been so designated. The Executive Director (Resources and Support Services) shall provide Budget Holders with the financial and other data that they may require in order to carry out their responsibilities.
- Bb20 The Executive Director (Resources and Support Services) shall, in conjunction with Directors, ensure that a monitoring process is in place to review the effectiveness and operation of budget preparation and ensure that any corrective action is taken.

Explanatory notes

There is specific budget approval for all expenditure.

Budget holders are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet / Council for their budgets and the level of service to be delivered

A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

The budget format must comply with all legal requirements, with CIPFA's Best Value Accounting – Code of Practice and must reflect the accountabilities of service delivery.

Budget managers should be responsible only for the income and expenditure that they can influence. There is a nominated budget holder for each cost centre heading and they accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities. Budget managers follow an approved certification process for all expenditure and their income and expenditure is properly recorded and accounted for.

Performance levels in respect of services are monitored in conjunction with the budget and necessary action is taken to align service outputs and budgets.

Trading Accounts

- Bc1 Where the Cabinet so requires, Directors responsible for the operation of activities covered by Trading Accounts shall prepare annual budget estimates for those accounts (including any holding accounts). These estimates shall be referred for approval to the Cabinet.
- Bc2 The Cabinet shall set a timetable and, advised by the Executive Director (Resources and Support Services), lay down the procedures to be followed within which these estimates shall be prepared.
- Bc3 Directors responsible for the operation of activities covered by Trading Accounts shall report to the DSO Advisory Group who in turn should report to the Cabinet, at a frequency to be determined by it, upon the financial results of those activities, including progress in meeting any specified rate of return.

Capital Programme

- Bd1 Only expenditure which conforms with the statutory definition of capital expenditure, as contained in the Local Government Act 2003 or any subsequent Act or Regulations shall be treated as capital expenditure and all Financial Regulations in Section Bd shall apply to it.
- Bd2 The capital programme submitted to the Cabinet and Full Council for consideration and approval shall comprise a list of General Fund capital schemes. This shall show in respect of each scheme the estimated total cost, the amount which has been spent up to the end of the previous financial year, the amount which it is intended shall be spent in the current year, the following year and in future years.
- Bd3 Reports submitted by the Executive Director (Resources and Support Services) to the Cabinet concerning updates to the capital programme during the year shall include reference to any variance in estimated scheme costs from current approved estimates or instances where schemes are proposed to be added to or deleted from the approved programme. He shall also refer to the resources available, or expected to be available, to finance the programme taking account, where necessary, of any proposed amendments to it. The revenue implications of all capital schemes in the form of the whole life cost of the project shall also be reported to ensure that the impact on the revenue budget is known and appropriate provision approved. Directors shall provide, in a timely manner, any information he requires in order to compile his report.
- Bd4 Before any order shall be placed or expenditure incurred relating to any capital scheme, the appropriate Director, shall make a report in consultation with the Executive Director (Resources and Support Services), to the Cabinet. The report shall state the total estimated cost of the scheme and whether provision has been made for it in the approved capital programme, together with the amount of any such provision. It shall refer to any costs which may fall to be met from any revenue account of the Council as a result of the scheme being carried out, and to any grant or contribution, including its amount and any conditions which may be attached to such payment, which it is expected may be payable towards its cost. The Cabinet shall determine whether the scheme is to be carried out and, if so, shall approve the estimated cost of the scheme together with any other relevant financial matters relating to the scheme.
- Bd5 The Cabinet may consider a new scheme for inclusion in the approved capital programme at any time. In doing so it shall:
- (a) have regard to its estimated costs, the comments of the relevant Director and the Executive Director (Resources and Support Services), the composition and total cost of the approved programme and the resources available or expected to be available to finance that programme.
 - (b) either give approval for the scheme to be included in the approved programme or determine that it shall not be included in the programme.
 - (c) in cases where approval is given to include a scheme in the approved programme, determine the estimated cost at which it is to be included.
 - (d) Have regard to the contents of any relevant Benefit Management Model or Capital Appraisal, as referred to in B14 and B15.

- Bd6 Where the Cabinet has determined that a scheme shall be included in the approved capital programme and has also approved the estimated cost of the scheme, it shall either:
- (a) add the scheme to the approved programme at the estimated cost amending at the same time the cost of another scheme or costs of other schemes within the programme (including the deletion of such schemes in their entirety) such that the total cost of the programme remains unaltered; or
 - (b) add the scheme to the approved programme, as above, with no amendment or deletion of any other schemes included in the programme, thereby increasing the total cost of the programme; or
 - (c) deal with the proposal by a combination of the two methods provided for at a and b above.
- Bd7 Directors shall:
- (a) be authorised to incur expenditure upon any capital scheme within their area of responsibility strictly in accordance with the approved estimate relating to it;
 - (b) continuously monitor the progress of each capital scheme within his area of responsibility, comparing actual expenditure incurred, or likely to be incurred, with the approved estimate for the scheme.
- Bd8 If it appears to a Director that an excess of expenditure has occurred, or is likely to occur, relating to a scheme within his area of responsibility, he shall immediately report the variation to the Cabinet.
- Bd9 The Cabinet on receiving a report concerning an actual or probable estimate variation shall resolve:
- (a) to reduce the extent of the scheme and approve a revised estimated cost for it in order to contain its cost within the approved estimate; or
 - (b) to deal with the variation by means of virement, by reducing the estimate relating to another scheme or schemes within the approved capital programme sufficient to cover it; or
 - (c) to approve a supplementary estimate for the amount of the variation; or
 - (d) not to proceed with the scheme.
- In determining how to deal with an estimate variation, the Cabinet shall have regard to the factors referred to in Financial Regulation Bd5, sub paragraph a.
- Bd10 No expenditure shall be incurred on any scheme which is to be financed, in whole or in part, by means of a grant or contribution from central government or another person or body until a written commitment, to the satisfaction of the Executive Director (Resources and Support Services), has been received by the Council from the relevant government department, person, or body that it will be paid.
- Bd11 In the event of an anticipated grant or contribution not being payable or its amount being reduced to a material extent, having regard to the total cost of a scheme, or the conditions attached to its payment being materially altered, the Director responsible for the scheme shall immediately report this occurrence to the Cabinet.
- Bd12 Where a shortfall of grant or contribution, or a material change in conditions, is reported to the Cabinet it shall treat it as an estimate variation and follow the procedure described in Financial Regulation Bd9.
- Bd13 In cases only of genuine emergency, where it can be demonstrated that urgent Cabinet approval, outside of normal Cabinet meeting dates, is necessary to a proposal to incur capital expenditure upon a scheme, including a request for a supplementary estimate or virement as a result of an estimate variation, the extraordinary procedure permitted by Financial Regulation Bb16 shall apply.

In all cases where the extraordinary procedure permitted by this Financial Regulation is followed, the same information and advice, which would be provided, in the form of a report, to a normal meeting of the Cabinet, shall be provided to the Cabinet Member. In particular he

must be informed whether the proposed expenditure is within the sum included for the scheme within the approved capital programme.

A copy of all such approvals shall be provided to the Democratic Services Manager.

- Bd14 The Executive Director (Resources and Support Services) shall determine the method of financing to be employed in respect of each capital scheme, subject to any instructions which may be given by the Cabinet.
- Bd15 Directors shall ensure that adequate records are maintained in respect of all capital contracts.
- Bd16 All claims or requests for any grant or contribution which may be payable towards capital expenditure incurred by the Council shall be made as soon as is possible. The Executive Director (Resources and Support Services) shall be responsible for the submission of all such claims or requests and for liaison with the external auditor wherever certification of a grant claim is required. However, he may, in appropriate cases, agree that another Director shall submit a claim or request, provided that the Director complies with any instructions that he may give. In such cases the Executive Director (Resources and Support Services) shall be supplied promptly with a copy of the claim or request which has been submitted. Directors shall promptly supply the Executive Director (Resources and Support Services) with any information which he may require in order to submit a claim or request within any time scale laid down by the body or person to whom the claim is to be submitted.
- Bd17 The Executive Director (Resources and Support Services) shall be responsible for the submission of all bids for Supplementary or other Credit Approvals from central government. However, he may, in appropriate cases, agree that another Director shall submit such a bid provided that the Director complies with any instructions that he may give. In such cases the Executive Director (Resources and Support Services) shall be supplied promptly with a copy of the bid which has been submitted. Directors shall promptly supply the Executive Director (Resources and Support Services) with any information that he may require in order to submit a bid within any timescale laid down.
- Bd18 No bid under any government, EU or other programme shall be made for capital grant or other resources where this may commit the Council to capital expenditure not already approved until the proposed bid has been referred to and approved by the Cabinet. The Cabinet shall consider the effect that a successful bid would have upon the capital programme, taking into consideration the resources available to finance capital expenditure and may approve any schemes involved and amend the programme accordingly. The Cabinet shall be kept informed of the progress of any bid, including any changes which may be proposed to its composition or to the amount of any external resources to be provided and shall, if it considers it to be necessary require that the bid be withdrawn. The Chief Executive or his delegated employee or the Cabinet may accept any offer, which may be made to the Council as a result of a bid submission which is within the approved capital programme budget. Full Council approval will be required for a bid that exceeds the total of the approved capital programme.
- Bd19 No lease, hire, rental or other arrangement of a similar nature which involves a charge against the Council's credit approvals shall be entered into without reference, together with the Executive Director (Resources and Support Services)' comments thereon, to the Cabinet for approval.
- Bd20 The Executive Director (Resources and Support Services) shall be consulted before any proposal is considered to either acquire or dispose of capital assets, including by way of exchange, in order that he may advise with regard to the impact of the capital control regulations upon the proposed transaction.
- Bd21 Upon completion of each capital scheme a report shall be made to the Cabinet detailing the final costs of schemes and any other relevant matters (this would be done if performance monitoring forms and feedback were applied to all capital schemes).

Bd22 The Executive Director (Resources and Support Services) shall ensure that a Capital Strategy is produced and revised annually. He shall submit the strategy to the Cabinet for recommendation to Full Council for approval.

Explanatory notes

The key controls for capital programmes are: -

- ◆ *There is specific annual approval by the Full Council for the programme of capital expenditure. During the year the Cabinet is responsible for approving additions or other changes to the programme.*
- ◆ *Expenditure on capital schemes is subject to the approval of the Executive Director (Resources and Support Services)*
- ◆ *A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by cabinet.*
- ◆ *Approval by the Cabinet where capital schemes are to be financed from the revenue budget, up to a specified amount, and subject to the approval of the full council, where the expenditure exceeds this amount*
- ◆ *Proposals for improvements and alterations to buildings must be approved by the appropriate Director*
- ◆ *Schedules for individual schemes within the overall budget approved by the full council must be submitted to the Cabinet for approval (for example, minor works), or under other arrangements approved by the full council*
- ◆ *The development and implementation of asset management plans*
- ◆ *Accountability for each proposal is accepted by a named manager*
- ◆ *Monitoring of progress in conjunction with expenditure and comparison with approved budget.*

Maintenance of reserves

- Be1 All reserves shall be maintained in accordance with the current applicable accounting code of practice.
- Be2 The purpose, usage and basis of transactions of each reserve established shall be clearly identified by the Full Council informed by the Executive Director (Resources and Support Services).
- Be3 Directors shall not incur any expenditure which is proposed to be met from reserves without consultation with the Executive Director (Resources and Support Services) who may require the proposal to be submitted to the Cabinet for approval, in which case it may not be incurred until such approval has been given.
- Be4 In advising the Full Council or Cabinet upon the prudent levels of reserves for the Council, the Executive Director (Resources and Support Services) shall have regard to advice from the Council's external auditor. He shall assess the adequacy of the General Fund balances by reference to a risk assessment of items contained within the General Fund Budget or which may become a charge against it.

Explanatory notes

Reserves should be maintained in accordance with the Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice (CIPFA/ LASAAC) and agreed accounting policies. For each reserve established, the purpose, usage and basis of transactions should be clearly identified. Authorisation and expenditure from reserves by the appropriate Director will be in consultation with the Executive Director (Resources and Support Services).

Other Accounts

- Bf1 Expenditure proposed to be charged to any other revenue account of the Council shall be referred to the Cabinet for approval where:
- (a) the proposed expenditure is not covered by, or is likely to exceed, any existing limit or approval applicable to expenditure to be charged to that revenue account; or

- (b) in the opinion of the Executive Director (Resources and Support Services), the proposed expenditure is of such a nature or magnitude that it should be so referred.

C: RISK MANAGEMENT AND CONTROL OF RESOURCES

Risk management

- Ca1 Risk management is the planned and systematic approach to the identification, evaluation and control of risk. The Cabinet shall approve a risk management Strategy for the Council and shall promote a culture of risk management awareness throughout the Council.
- Ca2 The Executive Director (Resources and Support Services) shall;
- (a) Chair a Risk Management Group (which responsibility shall not be delegated), comprising of at least one representative of each Director and any other individuals he may deem appropriate. The Group shall advise the Cabinet of any risks to the Council and shall be responsible for the review, updating and promotion of the risk management strategy. It shall propose any amendments to the Strategy that it considers necessary to the Cabinet.
 - (b) Be responsible for developing risk management controls in conjunction with other Directors.
- Ca3 Directors shall:
- (a) Be responsible for risk management and must have regard to advice from the Chief Executive and the Executive Director (Resources and Support Services and other specialist employees (e.g. crime prevention, fire prevention, health and safety and cash handling).
 - (b) Ensure that there are regular reviews of risk within their departments.
 - (c) Complete the Corporate Strategic/ Operational Risk Assessment Control documents for each service and update them annually.
 - (d) Ensure that business continuity plans are compiled and maintained in respect of all business critical systems and that comprehensive working notes, explaining those systems' mode of operation, are compiled and maintained.
- Ca4 All reports shall contain reference to any major risks which the item reported upon may have for the Council and, where appropriate, a risk assessment in the corporate style will be appended.

Explanatory note

Procedures should be in place to identify, assess, prevent or contain material known risks and ensure these procedures are operating effectively throughout the Council.

A monitoring procedure is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls.

Risk management processes should be conducted on a continuing basis, managers should know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives. Provision may be made for losses that might result from the risks that remain through insurance.

The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Insurances

- Cb1 The Chief Executive shall be responsible for the arrangement of appropriate insurance cover through external insurance and internal funding. He shall, after such consultation as he thinks appropriate with other employees, settle all claims within individual policy excesses, and pass on all claims over individual policy excesses to the relevant insurer.

- Cb2 Directors shall:
- (a) give prompt notification to the Chief Executive of all new risks, properties, vehicles or any other assets which require to be insured and of any alteration affecting existing insurances;
 - (b) notify the Chief Executive in writing of any loss, liability or damage or any event likely to lead to a claim against the Council together with any information or explanation required by him or the Council's insurer's, and inform the police where necessary;
 - (c) ensure that all appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance;
 - (d) consult the Chief Executive in respect of any indemnity which the Council is requested to give;
 - (e) ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- Cb3 The Chief Executive shall:
- (a) keep a register of all insurances arranged by the Council and the property and risk covered by them;
 - (b) annually or at such other period as he may consider necessary, furnish Directors with details of all insurances in force affecting their Departments. Each Director shall review all such insurances, and any risks not insured against, or inadequately insured against, shall be notified immediately to the Chief Executive;
 - (c) ensure the adequacy of all insurances entered into by contractors of the Council. Contractors carrying out work for the Council shall have a minimum level of Public Liability insurance cover as specified by the Cabinet, unless a lower figure has been agreed in advance with the Chief Executive. An employee shall not authorise work to be commenced by a Contractor until the Chief Executive has advised such an employee that the appropriate insurances have been effected to his satisfaction.

Explanatory note

The Chief Executive is responsible for arranging insurance cover and for settling claims. It is the duty of Directors to notify the Chief Executive of all new risks and possible claims.

Procedures are in place to investigate claims within required time scales

Acceptable levels of risk are determined and insured against where appropriate.

Internal controls

- Cc1 The Council accepts that controls and control systems must be in place to ensure that its financial and other activities are carried out in a secure environment, in a manner that complies with the law and that fulfils its stewardship obligations. To achieve this the following key controls and control objectives and systems shall be in place:
- (a) key controls shall be reviewed on a regular basis and the Council shall make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively;
 - (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
 - (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
 - (d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline 'Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom' and with any other statutory obligations and regulations.

- Cc2 The Executive Director (Resources and Support Services), in conjunction with the Audit Manager, shall assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- Cc3 Directors shall:
- (a) manage processes to check that established controls are being adhered to and evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks;
 - (b) review existing controls in the light of changes affecting the Council and establish and implement new ones in line with guidance from the Executive Director (Resources and Support Services). Directors shall also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication after consultation with the Executive Director (Resources and Support Services);
 - (c) ensure that employees have a clear understanding of the consequences of lack of control.

Explanatory note

The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.

The Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

The system of internal controls is established in order to provide measurable achievement of:

- (a) efficient and effective operations***
- (b) reliable financial information and reporting***
- (c) compliance with laws and regulations***
- (d) risk management.***

Audit requirements

Internal audit

- Cd1 The Council under delegation to the Chief Executive shall maintain an adequate and effective continuous internal audit of all the Council's activities. Such internal audit is to be performed in accordance with the Accounts and Audit Regulations 2003 and with the policy statements on internal audit issued by the Chartered Institute of Public Finance and Accountancy.
- Cd2 Internal Audit shall be independent in its planning and operation. The Audit Manager shall have direct access to the Head of Paid Service, all levels of management and to elected Members. Internal Auditors shall comply with the Auditing Practices Board's guideline 'Guidance for Internal Auditor's, as interpreted by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice for Internal Audit in Local Government in the United Kingdom'.
- Cd3 Internal Auditors shall have the authority to:
- (a) enter at all reasonable times any Council establishment;
 - (b) have access to all records, documents, information and correspondence relating to any financial and other transaction as he considers necessary;
 - (c) evaluate the adequacy and effectiveness of internal controls designed to secure assets and data to assist management in preventing and deterring fraud;
 - (d) request explanations as he considers necessary to satisfy himself as to the correctness of any matter under examination;
 - (e) require any employee of the Council to produce cash, materials or any other Council property in their possession or under their control;

- (f) access records belonging to third parties, such as contractors, when required and
- (g) directly access the Chief Executive, the Cabinet and the Audit and Risk Committee.

Cd4 The Audit Manager shall:

- (a) prepare the strategic and annual audit plans which will take account of the relative risks of the audit areas and submit such plans for approval to the Audit and Risk Committee;
- (b) be notified immediately by any Director, of any circumstances which may suggest the possibility of irregularity affecting cash, stocks or other property of the Council and of the potential of any fraud or corrupt activities. The Audit Manager shall report to the Chief Executive, the Section 151 Officer, the Full Council, Audit and Risk Committee, Cabinet, Standards Committee, or the external auditor any matter of a significant nature. Pending investigation and reporting, the Audit Manager shall take all necessary steps to prevent further loss and to secure records, information and documentation against removal or alteration;
- (c) exercise the utmost confidentiality in all matters relating to the audit of the Council's activities; and
- (d) ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Cd5 Directors shall:

- (a) ensure that all employees within their departments are aware of the Council's fraud and corruption policy and the arrangements for "whistleblowing" contained therein;
- (b) ensure that Internal Auditors are given access at all reasonable times to premises, personnel, documents, information and assets that the auditors consider necessary for the purposes of their work;
- (c) ensure that auditors are provided with any information and explanations that they seek in the course of their work;
- (d) consider and respond promptly to recommendations in audit reports;
- (e) ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and
- (f) ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Audit Manager prior to implementation.

Explanatory note

The Chief Executive by delegation is required by statute to maintain an adequate and effective internal audit of the Council in order to guard against waste and fraud and is therefore, entitled to examine all documents, records and computer files maintained by the Council. Where an irregularity is suspected it is important that the Audit Manager becomes involved as quickly as possible so that for example, the rules of evidence are not breached.

It is management's responsibility to prevent and detect fraud arising. The audit function is to investigate the surrounding circumstances and report on the adequacy of internal controls.

External audit

Ce1 The Executive Director (Resources and Support Services) shall:

- (a) ensure that external auditors are given access at all reasonable times to premises, personnel, documents, information and assets that the external auditors consider necessary for the purposes of their work;
- (b) ensure there is effective liaison between external and internal audit;
- (c) work with the external auditor and advise the Full Council, Cabinet and Directors on their responsibilities in relation to external audit.

Ce2 Directors shall:

- (a) ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work;
- (b) ensure that all records and systems are up to date and available for inspection.

Explanatory note

The Audit Commission, normally for a minimum period of five year's appoints external auditors. The Audit Commission prepares a code of audit practice, which external auditors follow when carrying out their audits.

Preventing Fraud and Corruption

- Cf1 The Audit Manager shall:
- (a) develop and maintain an anti-fraud and anti-corruption policy;
 - (b) maintain adequate and effective internal control arrangements;
 - (c) ensure that all suspected irregularities are reported to the Chief Executive, the Section 151 Officer and the Audit and Risk Committee.
- Cf2 Directors shall:
- (a) ensure that all suspected irregularities are reported to the Audit Manager;
 - (b) instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour;
 - (c) ensure that where financial impropriety is discovered, the Audit Manager is informed and after taking advice from the Monitoring Officer where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place;
 - (d) ensure that they and their employees complete the register of interests maintained by the Democratic Services Manager;
 - (e) ensure that they and their employees comply with the anti-fraud and anti-corruption policy and the advice provided to employees.
- Cf3 The Legal Services Manager as Monitoring Officer shall have overall responsibility for the maintenance and operation of the whistleblowing policy.

Explanatory note

The Council will not tolerate fraud and corruption and its expectations of propriety and accountability are that Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The key controls regarding the prevention of financial irregularities are that: the Council has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption; all Members and employees act with integrity and lead by example; senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt; high standards of conduct are promoted amongst Members by the Standards Committee; the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded; whistle blowing procedures are in place and operate effectively and that legislation including the Public Interest Disclosure Act 1998 is adhered to.

Irregularities must be reported to the Audit Manager immediately when they occur in order to ensure that, amongst other things, rules of evidence are not breached.

Assets

- Cg1 The Executive Director (Regeneration and Development), in conjunction with the Executive Director (Resources and Support Services), shall keep an Asset Register which shall record all of the material capital assets owned by the Council, together with their values. Assets shall be valued in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice' (CIPFA/LASAAC). The Asset Register shall be kept up to date and in accordance with the requirements of the Executive Director (Resources and Support Services). Directors shall supply any information required by the Executive Director (Regeneration and Development) or the Executive Director (Resources and Support Services) in order to maintain the Register.

- Cg2 The Executive Director (Regeneration and Development) shall maintain an up to date terrier of all land owned, leased or licensed by the Council and of land sold or leased off. The terrier must:
- (a) record the purpose for which the land is held and;
 - (b) record the location, extent and plan reference of the land.
- Cg3 The Executive Director (Regeneration and Development) shall ensure that an Asset Management Plan is produced and revised annually. Assisted by relevant Directors, he shall ensure that the plan is implemented and monitor performance against the targets and outputs contained in the plan.
- Cg4 Directors shall:
- (a) provide information to the Assets Manager on an annual basis, for him to update the Asset Management Plan;
 - (b) ensure that lessees and other prospective occupiers of council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved in consultation with the Legal Services Manager and Assets Manager, has been established as appropriate;
 - (c) ensure that arrangements exist for the proper security of all buildings, stocks, furniture, vehicles, equipment, money, and any other property under their control. They must ensure that all conditions of insurance are complied with in respect of cash and valuables;
 - (d) ensure that cash holdings on premises are kept to a minimum and do not exceed limits for unbanked money as set in Financial Regulation Dj4 without the express permission of the Executive Director (Resources and Support Services);
 - (e) ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times. The loss of any such keys shall be reported to the Audit Manager immediately;
 - (f) be responsible for conforming with the Data Protection Acts and maintaining proper security and privacy regarding information held in the Council's computerised and manual systems;
 - (g) ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the council in some way;
 - (h) ensure that all software, discs and memory sticks are checked for viruses before being used on Council equipment and that computer systems are used in line with approved policies and legislation;
 - (i) ensure that in relation to all major software applications an escrow agreement is in place;
 - (j) ensure that no Council asset is subject to personal use by an employee without proper authority;
 - (k) ensure that all employees 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 management security and email and internet policies;
 - (l) recommend sale of an asset, subject to a joint report by themselves and the Executive Director (Resources and Support Services), where land or buildings are surplus to requirements;
 - (m) pass title deeds to the Legal Services Manager;
 - (n) ensure that assets are identified, their location recorded and that they are appropriately marked and insured;
 - (o) consult the Executive Director (Resources and Support Services) and the Audit Manager in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
 - (p) record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Executive Director (Resources and Support Services), the Cabinet agrees otherwise.
- Cg5 All documents of title, deeds, investment certificates etc. shall be kept in a secure place by the Legal Services Manager.

Explanatory note

The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

Directors are responsible for all security matters within their Departments.

Inventories

- Ch1 Directors shall ensure that all Departments and Establishments maintain inventories under their control. Inventories shall record an adequate description of furniture, fittings, equipment, plant and machinery owned by the Council, with an initial purchase value in excess of that agreed by the Council. Directors should, where they consider it appropriate, also include items where the cumulative purchase value exceeds the figure set by the Council and those items of a portable and desirable nature below this limit.
- Ch2 All Directors shall notify the Executive Director (Resources and Support Services) of details of all ICT hardware and software equipment in order that he can maintain a central inventory. Directors are responsible for ensuring that only authorised software is utilised in their Departments and that no illegal copies are operational.
- Ch3 Inventories shall be in a form approved by the Audit Manager.
- Ch4 Each Director shall carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.
- Ch5 The Audit Manager shall have access to all Council property and to the inventories and any relevant documents.
- Ch6 The Council's property shall not be removed except in accordance with the ordinary course of the Council's business. Council property shall only be used for the Council's purposes unless specifically authorised by the appropriate Director.

Explanatory note

Directors are responsible for maintaining records of furniture, fittings and equipment under their control. The regulations cover movements, write offs and disposals of such property. The disposal of obsolete materials and equipment is normally by means of tenders to buy.

Stocks

Records

- Ci1 Each Director shall:
- (a) be responsible for the care and custody of stocks in his department. Stock accounts and records, including records of issues, write-offs and other adjustments, shall be kept by the Director in such form as may be approved by the Executive Director (Resources and Support Services);
 - (b) furnish the Executive Director (Resources and Support Services) with such documentation in connection with stock records or cost records as may be necessary for the purpose of completing the accounting and financial records of the Council. The Executive Director (Resources and Support Services), in conjunction with the Director concerned, shall determine the method to be followed in the valuation of stocks.

- Ci2 A delivery note signed by the person receiving the supplies shall be obtained in respect of every delivery of supplies at the time of delivery. All supplies shall be checked for quantity at the time delivery is made and inspected for quality and compliance with the specification as soon as possible after delivery, following which FIMS shall be immediately updated with delivery details.

Verification of Stocks

- Ci5 Annually at 31st March, or such other date as may be agreed with the Executive Director (Resources and Support Services), a complete stock taking of all items shall be carried out by a responsible employee authorised for that purpose by each Director. That employee shall be responsible for ensuring that actual physical stocks agree with the stock records. However, annual stocktaking's may be waived in cases where the Executive Director (Resources and Support Services) is satisfied that a satisfactory system of continuous stocktaking is in operation.
- Ci6 Senior Managers shall:
- (a) sign all stock sheets or stock records and certify that the particulars and prices shown on them are correct;
 - (b) forward to the Executive Director (Resources and Support Services) such certificates relating to stocks as the Executive Director (Resources and Support Services) may require.

Stock Levels

- Ci7 Directors shall be responsible for ensuring that stocks are not held in excess of reasonable requirements.
- Ci8 No deficiency in stocks, and no items, which have become unserviceable, obsolete, stolen or irrecoverable shall be written off except on the authority of:
- (a) the Executive Director (Resources and Support Services) on the recommendation of the Director if the current value on the open market is not greater than that agreed by Council;
 - (b) the Cabinet on the recommendation of the Director and the Executive Director (Resources and Support Services) if the current value on the open market is greater than that agreed by Council.

Explanatory note

It is the responsibility of Directors to keep accurate records of the stocks received, held and issued by their Departments.

Directors must also ensure that actual stock levels are verified with stock records on a continuous basis or at least annually.

It is in the interests of the Council that stocks are kept at optimum level and Directors are responsible for ensuring that procedures exist to ensure this.

Intellectual property

- Cj1 The Legal Services Manager shall provide advice on intellectual property procedures.
- Cj2 Directors shall ensure that controls are in place to ensure that employees do not carry out private work in council time and that employees are aware of an employer's rights with regard to intellectual property.

Explanatory note

Certain activities undertaken within the Council may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property. In the

event that the Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the advice.

Asset disposal

Ck1 The Executive Director (Resources and Support Services) shall:

- (a) issue guidelines representing best practice for disposal of assets;
- (b) ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

Ck2 Directors shall:

- (a) seek advice and agreement from the Audit Manager on the disposal of surplus or obsolete materials, stocks, vehicles, plant and equipment, etc before deletion from an inventory or stock list;
- (b) ensure that income received for the disposal of an asset is properly banked and coded;
- (c) notify the Executive Director (Resources and Support Services) of any material surplus in stocks, etc. in excess of requirements, having a resale value. These shall be disposed of by competitive tender in accordance with the provisions in the Council's Standing Orders relating to contracts or by public auction dependant on the type of supplies and the values concerned.

Explanatory notes

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Council.

Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.

Procedures protect employees involved in the disposal from accusations of personal gain.

Treasury Management

C11 All treasury management activities shall be carried out in accordance with the Council's approved Treasury Management Policy Statement. The Executive Director (Resources and Support Services) shall review the Policy Statement annually and report to the Full Council upon any amendments that may be required to it. The Full Council must approve all such amendments.

C12 The Executive Director (Resources and Support Services) shall:

- (a) report to Council at any time, as he considers necessary, upon matters relating to treasury management activities. All such reports shall be made to either the Full Council or the Cabinet, as appropriate and consistent with these regulations.
- (b) compile a Treasury Management Strategy Report, to include an annual investment strategy, covering treasury management activities to be carried out during the following financial year. The report shall be submitted to the Full Council before the commencement of the year to which it relates and the Full Council must approve such a report before the year in question commences.
- (c) compile an annual report reviewing the previous year's treasury management activities. The report shall be submitted to the Full Council by September 30th following the end of the year to which it relates.

- (d) compile, and the Cabinet approve, suitable Treasury Management Policies (TMPs). The Executive Director (Resources and Support Services) shall compile and maintain up to date schedules to the TMPs.
 - (e) ensure that all treasury management transactions are recorded and that there is an effective division of duties between operations.
 - (f) before the start of each year, ensure compliance with the Prudential Code of Practice and that the prudential indicators are compiled and approved by the Full Council.
 - (g) monitor the prudential indicators and report to Full Council any deviations from them.
- C13 All securities which are the property of or in the name of the Council or its nominees shall be held in the custody of the Legal Services Manager, except in the case of externally managed funds which shall be held by an independent custodian approved by the Executive Director (Resources and Support Services).
- C14 Loans shall not be made to third parties and interests shall not be acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the Executive Director (Resources and Support Services).
- C15 All trust, charitable and third party funds shall be held, wherever possible, in the name of the Council. All employees acting as trustees by virtue of their official position or otherwise shall deposit all relevant securities, etc with the Legal Services Manager. The responsible Director shall make arrangements, approved by the Executive Director (Resources and Support Services), for the secure administration of such funds and records, approved by him, shall be maintained of all transactions. All funds dealt with on behalf of such bodies shall be operated within any relevant legislation and the specific requirements of each body.

Explanatory note

Treasury Management is "The Management of the Council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks."

Apart from some arrangements in connection with leases of plant and equipment etc, all Treasury Management functions are carried out by the Executive Director (Resources and Support Services) under the direction of the Cabinet.

IMPREST ACCOUNTS (Petty cash)

- Cm1 The Executive Director (Resources and Support Services) shall:
- (a) maintain an imprest account for making departmental petty cash advances for petty cash purposes, i.e. urgent payments;
 - (b) provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and prescribe rules for operating these accounts. A receipt shall be signed in respect of each advance by the employee concerned who shall be held responsible for the cash advance received;
 - (c) determine the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances;
 - (d) reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.
- Cm2 Directors shall ensure that employees operating an imprest account:
- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;
 - (b) make adequate arrangements for the safe custody of the account;

- (c) provide and forward details of the expenditure with supporting receipts and vouchers to the Executive Director (Resources and Support Services) with a claim for reimbursement at times agreed with him;
- (d) Limit payments out of departmental petty cash to minor items of expenditure, not exceeding the level set by Council except by special arrangement with the Executive Director (Resources and Support Services) and all payments shall be supported by a receipt and a certified voucher;
- (e) produce upon demand by the Audit Manager cash and all vouchers to the total value of the imprest amount;
- (f) cross through receipts to avoid duplicate use as reclaimed from petty cash;
- (g) record transactions promptly;
- (h) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;
- (i) provide the Executive Director (Resources and Support Services) with a certificate of the value of the account held at 31 March each year;
- (j) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made;
- (k) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, account to the Executive Director (Resources and Support Services) and the Audit Manager for the amount advanced to them and repay the Executive Director (Resources and Support Services) the balance of the advance held by them.

Explanatory note

Advance accounts are authorised to enable petty cash and other minor expenses to be defrayed.

A cash advance will be given to an authorised employee who must always be in a position to account for the full amount of the advance.

Complete and comprehensive records of all transactions should be maintained.

BANKING ARRANGEMENTS

- Cn1 The Executive Director (Resources and Support Services) shall operate any bank or giro accounts that are considered necessary. No bank or giro accounts shall be opened without the approval of the Executive Director (Resources and Support Services).
- Cn2 Payments and receipts shall be made and received electronically where approved in advance by the Executive Director (Resources and Support Services).
- Cn3 All cheques drawn on behalf of the Council shall bear the printed signature of the Executive Director (Resources and Support Services), or be signed personally by him or his designated authorised employee. Cheques in excess of the limits specified in the Monetary Amounts table must be signed personally by him or another employee designated in writing by him.
- Cn4 The Executive Director (Resources and Support Services) shall be responsible for:
 - (a) making arrangements with regard to any payments from the Council's bank accounts by means of cheques or any other method;
 - (b) all arrangements concerning the amendment, stopping, opening and cancellation of cheques.
- Cn5 The Audit Manager shall be responsible for the ordering, safe custody and control and issue of cheques and for the preparation, signing and despatch of cheques.

Explanatory note

The Executive Director (Resources and Support Services) is responsible for organising the Council's banking arrangements and only authorised signatories can sign Council cheques.

The Council is moving towards making as many transactions as possible via electronic means. In doing this the controls in relation to electronic systems have to be considered to ensure that risks are managed and minimised and the possibility of fraud is not increased by using the electronic systems.

To combat the possibility of fraud, close supervision must be exercised over the supply, custody, preparation, signing and despatch of cheques. Procedures for amending, stopping, opening and cancellation of cheques must be tightly controlled. There is a presumption against the opening of cheques, and a clear policy is in place to address this.

STAFFING

- Co1 The Executive Director (Resources and Support Services) shall ensure that budget provision exists for all existing and new employees included on the approved establishment list. The budget will not include vacancies for which there is no budget provision.
- Co2 The Human Resources Manager shall:
- (a) Compile and keep up to date an establishment list containing all those posts that have been approved by the Cabinet. A unique reference number shall identify each post included on the list. The list shall show, for each post, the grade applicable to that post and the name of the employee currently filling that post. (Where a post is not presently filled, substituting “vacant” for the employee’s name shall indicate this). The list shall be set out according to the Council’s current departmental structure;
 - (b) act as an advisor to Directors on areas such as National Insurance and pension contributions, as appropriate.
- Co3 Directors shall:
- (a) ensure that the personnel estimates are an accurate forecast of staffing levels and are equated to an appropriate revenue budget provision (including on-costs and overheads);
 - (b) monitor employee activity to ensure adequate control over such costs as sickness, overtime, training and temporary employees;
 - (c) ensure that the personnel estimates are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided;
 - (d) ensure that the Executive Director (Resources and Support Services) is immediately informed if the personnel estimate is likely to be materially over- or underspent;
 - (e) ensure that employees are appointed only to posts included in the Council’s establishment list and for which adequate budget provision has been made to meet the costs of employing such employees.

Explanatory notes

In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable employees, qualified to an appropriate level.

The key controls for staffing are that:

- ◆ *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;*
- ◆ *controls are implemented that ensure that staff time is used efficiently and to the benefit of the Council and*
- ◆ *checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.*

D: FINANCIAL SYSTEMS AND PROCEDURES

General

- Da1 The Executive Director (Resources and Support Services) shall make arrangements for the proper administration of the Council's financial affairs, including to:
- (a) issue advice, guidance and procedures for employees and others acting on the Council's behalf;
 - (b) determine the accounting systems, form of accounts and supporting financial records;
 - (c) establish arrangements for audit of the Council's financial affairs;
 - (d) approve any new financial systems to be introduced and approve any changes to be made to existing financial systems.
- Da2 Directors shall ensure:
- (a) that accounting records are properly maintained and held securely;
 - (b) that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Audit Manager;
 - (c) in respect of any financial system employed by incorporating appropriate controls, that:
 - (a) all input is genuine, complete, accurate, timely and not previously processed;
 - (b) all processing is carried out in an accurate, complete and timely manner;
 - (c) output from the system is complete accurate and timely.
 - (d) that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
 - (e) that all systems are documented and employees required to operate them are trained in their operation;
 - (f) that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained;
 - (g) that no existing financial system shall be changed or new system introduced without consulting the Executive Director (Resources and Support Services).

Delegation

- Db1 Directors shall supply lists of authorised employees, with specimen signatures and delegated limits, to the Executive Director (Resources and Support Services), together with subsequent variations, in respect of payments, income collection and placing orders.

Information Security

- Dc1 Directors shall take all necessary action to ensure compliance with the Council's Information Security Management Policy, including to:
- (a) ensure that there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption;
 - (b) ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information shall be securely retained in a fireproof location, preferably at an alternative location;
 - (c) ensure that where, appropriate, computer systems are registered in accordance with data protection legislation and that employees are aware of their responsibilities under that legislation;
 - (d) ensure that relevant standards and guidelines issued by the Executive Director (Resources and Support Services) via the ICT Section are observed;
 - (e) ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc; and
 - (f) comply with the copyright, design and patents legislation, in particular to ensure that only software legally acquired and installed by the Council is used on its computers, that employees are aware of legislative provisions and that in developing systems due regard is given to the issue of intellectual property rights.

Explanatory notes

The key controls for systems and procedures are:

- (a) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated*
- (b) performance is communicated to the appropriate managers on an accurate, complete and timely basis*
- (c) early warning is provided of deviations from target, plans and budgets that require management attention*
- (d) operating systems and procedures are secure*

Income and Expenditure

Recording and notification of sums due

- Dd1 The collection of all monies due to the Council shall be under the control of the Executive Director (Resources and Support Services).
- Dd2 The Executive Director (Resources and Support Services) in conjunction with the Director concerned shall make and maintain adequate arrangements to ensure the proper recording of all sums due to the Council and for its prompt collection and the custody, control, and deposit, of all money received, and for the prompt and proper accounting of such money.
- Dd3 Directors shall ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded
- Dd4 The Legal Services Manager, or Directors where appropriate, shall inform the Executive Director (Resources and Support Services) as soon as possible of all monies due to the Council under contracts, leases, tenancy agreements, licenses, agreements for sales of property and any other agreements involving the receipt of monies by the Council. They shall also review leases, tenancy agreements, licences and any other agreements, which involve the receipt of money, at regular and reasonable intervals. The Executive Director (Resources and Support Services) shall have the right to inspect any documents or other evidence in connection with such matters.
- Dd5 The Executive Director (Resources and Support Services) shall be informed whenever significant expenditure is likely to occur in an area of activity that generates VAT exempt income and whenever a new or a one-off source of VAT exempt income is to be generated.
- Dd6 Cash payments in excess of £5,000 will not be accepted by the Council. Other payments in excess of £5,000 that are not paid directly to the bank shall only be received at the Civic Offices, Cashiers Counter.
- Dd7 All Directors shall ensure that employees involved in handling payments are aware of and comply with the Money Laundering Guidelines.
- Dd8 All claims for reimbursements, contributions, grants etc. shall be made by the Executive Director (Resources and Support Services), or by arrangement with him, by the appropriate Director. Any information required for the completion of such claims shall be supplied promptly to the Executive Director (Resources and Support Services) or to his Grant Coordinator by the Director concerned. All such claims shall be made promptly and by the due dates and the Executive Director (Resources and Support Services), or other Director, where the claim was made by them,, shall ensure that all monies due to the Council are received.

Separation of Duties

- De1 Directors shall ensure that the responsibility for cash collection should be separated from that:
 - (a) for identifying the amount due;
 - (b) for reconciling the amount due to the amount received.

Receipts

- Df1 Employees shall only give a receipt for money received on behalf of the Council on the official receipt form or in the event of electronic transactions by providing a receipt transaction number, no other form of receipt shall be used. Where a receipt is not required for a payment, no receipt will be issued but a separate record shall be kept of all such payments.
- Df2 Every transfer of money from one employee to another shall be evidenced in the records of the Departments concerned. The receiving employee must sign for the transfer and the transferor must retain a copy.

Money Received

- Dg1 Income shall not be used to cash personal cheques or other payments.
- Dg2 Where cheque payments are presented personally, the receipting employee shall ensure that a cheque guarantee card supports such payments. They shall also ensure:
- (a) that the card holder signs the cheque in the presence of the receipting employee, who must ensure that the signature corresponds with that on the cheque card;
 - (b) that the code number shown on the cheque guarantee card is the same as that shown on the cheque;
 - (c) that the receipting employee personally writes the card number on the reverse of the cheque;
 - (d) that the amount of the payment does not exceed the limit shown on the face of the card;
 - (e) that the card expiry date has not passed.

Exceptions to this process will only be allowed where there is an account raised for the debt or with the written approval of the Executive Director (Resources and Support Services).

- Dg3 All cheques received shall be made payable to "Newcastle Under Lyme Borough Council". All bank payments to be into the Council's General Fund Account or other account if specified by the Executive Director (Resources and Support Services).
- Dg4 Receipts, in excess of £10,000, and any bank payments from unknown or overseas banks shall be evaluated and evidenced to ensure the legitimate source of the funds.

Payment by Credit and Debit cards

- Dh1 Directors shall consult with the Executive Director (Resources and Support Services) before introducing facilities for payment by credit or debit cards.
- Dh2 All operational and commission costs relating to facilities for payment by credit and debit cards are to be met from the budget of the department offering the facilities.
- Dh3 Payments shall only be collected for credit income at establishments authorised by the Executive Director (Resources and Support Services) and on systems approved by him. This includes payments over the Internet via the Council's website which will be permitted subject to the approval of the Executive Director (Resources and Support Services). Credit income includes council tax, community charge, business rates and debtors accounts.
- Dh4 Payments will not be accepted by this method where the Council acts as a collecting agent on behalf of another organisation.
- Dh5 Where the cardholder is present for payment by credit and debit cards, the receipting employee shall ensure that:
- (a) the card holder signs the receipt in the presence of the receipting employee, who must ensure that the signature corresponds with that on the credit/ debit card or that the pin number is validated;

- (b) that the amount being paid has been authorised independently through the bank's terminal where the amount exceeds the level set by Council for credit cards and debit cards;
- (c) the cardholder is given a receipt from the authorising terminal as proof of payment and as well as the official receipt from the Council;
- (d) that the expiry date on the card is still valid;
- (e) payment by this method should be rejected if the card has expired, the signature is not comparable, or the PIN is not recognised.

Exceptions to this process will only be allowed with the written approval of the Executive Director (Resources and Support Services).

Dh6A cash back facility shall not be available.

Dh7 Credit cards shall only be accepted for payments over the amount set by Council.

Security

- Di1 Directors shall:
- (a) hold securely receipts, tickets and other records of income for the appropriate period as specified by the Executive Director (Resources and Support Services);
 - (b) lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

Banking

- Dj1 Directors shall ensure, by arrangement with the Executive Director (Resources and Support Services), that all money received on behalf of the Council in any Department or Establishment is deposited with the Executive Director (Resources and Support Services). Except where by agreement with him the money is to be deposited directly with the Council's bankers.
- Dj2 For the purpose of paying money to the Council's bankers, the Executive Director (Resources and Support Services) shall provide a paying in book for the use of the employee; no other paying in stationery shall be used.
- Dj3 Every employee paying money to the Council's bankers shall enter on a paying in slip and on the counterfoil or duplicate, particulars of such payment, including in the case of each cheque paid in:
- (a) the amount of the cheque;
 - (b) some reference (such as the number of the receipt given or the name of the debtor) which will connect the cheque with the debt or debts in discharge or partial discharge of which it was received.
- Dj4 All money shall be deposited not less than weekly or such longer periods as may be arranged with the Executive Director (Resources and Support Services). Except that whenever receipts in hand exceed the amount set by Council, or such other sum as may be specified by the Executive Director (Resources and Support Services), they shall be deposited without delay.
- Dj5 Money collected and deposited shall be reconciled to the Council's bank account on a regular basis by an employee not involved in the collection or banking process.

Records

- Dk1 The Executive Director (Resources and Support Services) shall agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection. Every employee who receives money on behalf of the Council shall comply with these arrangements.
- Dk2 All official receipt forms, books or tickets shall be in a form approved by the Executive Director (Resources and Support Services). All such forms, books or tickets and licenses for

which fees are chargeable, shall be ordered, controlled and issued to all departments by the Democratic Services Manager. All receipts and issues thereof shall be properly recorded and acknowledged and controlled to the satisfaction of the Executive Director (Resources and Support Services).

- Dk3 Directors shall, as soon as possible after the 31st March in each year, and in all cases within the timescale set supply to the Executive Director (Resources and Support Services) schedules of all amounts outstanding where a debtors account has not been raised, in excess of the amount set by Council, or such other sum as specified by the Executive Director (Resources and Support Services), relating to their department for the previous financial year. Such schedules shall be in a form prescribed by the Executive Director (Resources and Support Services).

Issue of Debtors Accounts

- Dl1 Directors shall:
- (a) promptly notify the Executive Director (Resources and Support Services), in a form approved by him, of all sums due. Debtors accounts shall be raised by the Executive Director (Resources and Support Services) in all cases unless arrangements have been agreed in writing between him and the relevant Director for accounts to be sent out directly from Departments/ Establishments. In these cases a copy of each account must be forwarded to the Executive Director (Resources and Support Services);
 - (b) assist the Executive Director (Resources and Support Services) in collecting debts that they have originated, by providing any further information requested by the debtor;
 - (c) take all practical steps to satisfy themselves as to the correct VAT treatment of their income and shall consult with the Executive Director (Resources and Support Services) when in doubt.
- Dl2 Debtors accounts shall not normally be issued for amounts less than a limit to be determined by the Cabinet. In such cases Directors shall arrange for payment to be made before supplies/ services are supplied unless alternative arrangements are agreed with the Executive Director (Resources and Support Services).
- Dl3 There shall be no Cancellation of accounts except by full payment or final write off.
- Dl4 A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

Recovery procedures

- Dm1 The Executive Director (Resources and Support Services) will establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- Dm2 Directors shall assist the Executive Director (Resources and Support Services) in carrying out these recovery procedures by providing any information or assistance requested.

Write offs

- Dn1 No debtor's account or part thereof due to the Council shall be written off unless authorised as follows:
- (a) for accounts not exceeding the financial limit established by the Cabinet, by the Executive Director (Resources and Support Services) in consultation with the appropriate Director;
 - (b) for accounts exceeding the financial limit established by the Cabinet, by resolution of the Cabinet on the recommendation of the Executive Director (Resources and Support Services) in consultation with the appropriate Director.
- Dn2 The Executive Director (Resources and Support Services) shall:
- (a) make appropriate accounting adjustments following write off action;
 - (b) define timescales within which write off action must occur;

- (c) adhere to the requirements of the Accounts and Audit Regulations 2003 in relation to write offs.

Fees & Charges

- Do1 All fees and charges levied or made shall be in accordance with the Council's current approved scale of charges and the law.
- Do2 Directors shall review at least annually all fees and charges for which they are responsible and report to the Cabinet which shall approve or otherwise the proposals.

Changes in Sources of Revenue

- Dp1 Any proposal made by a Director concerning recommended charges for new or significant variations to existing sources of revenue shall be subject to a report to the Cabinet which shall include the comments of the Executive Director (Resources and Support Services).

Explanatory notes

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying supplies or services as this improves the Council's cashflow and also avoids the time and cost of administering debts.

Collection and Accounting for Income

Directors, in consultation with the Executive Director (Resources and Support Services), are responsible for establishing and maintaining the financial organisation necessary to ensure proper and accurate recording of sums due to the Council, and for the prompt collection and banking of such monies.

Local authorities are limited as to the amount of VAT they can incur on expenditure that is connected with income generating activities that are exempt of VAT. Activities that fall into this category are: cremation; sports lessons and land transactions (i.e. sales of land, commercial rents, hire of rooms, letting of market stalls and long term hire of sports facilities). The Financial Management Section has to monitor expenditure on such activities to ensure that it remains within limits set by H.M. Customs and Excise. Where an employee is aware that significant expenditure (i.e. over and above normal running costs) is to occur on one of the above categories, he should contact the Executive Director (Resources and Support Services). Employees should also contact the Executive Director (Resources and Support Services) when the Council is to sell land or when a new source of VAT exempt income is to be generated e.g. new industrial units.

Where cash is received or people are present when making a payment a receipt is issued. In the case of non cash payments, or where the person is not present i.e payment through the post, over the telephone or internet, receipts are issued if requested or a transaction number is provided

Issue of Debtors Accounts

The limit originally set by the Cabinet below which it is considered uneconomic to normally issue a debtors account is shown in the monetary amounts table. Accounts currently raised directly are crematorium, cemetery accounts and car park excess charges. The Executive Director (Resources and Support Services) still needs to be informed of the details for possible recovery action, write off information and year end information on accounts outstanding.

VAT

Particular care must be taken in the preparation of debtors accounts to ensure compliance with VAT regulations, given the ability of H M Customs and Excise to impose fines for non compliance on both the Council and in extreme cases individual employees. If an employee has any doubt about

the VAT liability in relation to a particular debtor's account he should contact the Executive Director (Resources and Support Services).

Debtor Account Write Offs

The limit set by the Cabinet, to operate from the adoption of these Financial Regulations, above which Directors must seek Cabinet approval is set in the monetary amounts table. Below this the Director needs the approval of the Executive Director (Resources and Support Services).

New Projects

Where a new project is going to bring in additional income or an existing project is changing significantly, i.e. being upgraded to provide a better level of service, the repercussions on income shall be reported to the Cabinet.

Requisitioning and Ordering of Work, Supplies and Services

- Dq1 Every employee and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- Dq2 Each order must conform to the guidelines approved by the Full Council on procurement. Standard terms and conditions must not be varied without the prior approval of the Executive Director (Resources and Support Services).
- Dq3 Requisitions, orders and associated terms and conditions shall be in a form approved by the Executive Director (Resources and Support Services) in conjunction with the Policy and Performance Manager and shall be issued for all works, supplies and services except for:
- (a) supplies of public utility services;
 - (b) periodical payments, e.g. rent;
 - (c) petty cash purchases; and
 - (d) other exceptions agreed and authorised in writing by the Executive Director (Resources and Support Services).
- Dq4 No other order shall be recognised by the Council and orders produced by FIMS will be raised automatically following the approval of the requisition. Orders may be printed for despatch to suppliers or transmitted to them electronically (the latter being the preferred method).
- Dq5 Requisitions shall be initiated on the FIMS and shall clearly indicate:
- (a) the nature of the purchase;
 - (b) the quantity required;
 - (c) any contract or agreed prices relating to the purchase;
 - (d) in relation to contracts, the amount of retention money to be withheld;
 - (e) the delivery date when specified and location; and
 - (f) the charge code.
- Dq6 The approval of a requisition shall be by an employee authorised by the Director and via the FIMS. Approval of a requisition shall lead to its conversion into an order against which, if all details match and goods have been received and recorded as such on the FIMS, payment will be made on receipt of the invoice. No other approval will be required.
- Dq7 Requisitions and orders in excess of £50,000 shall require authorisation in accordance with Standing Orders in relation to Contracts.
- Dq8 The Director shall:
- (a) ensure that only those employees authorised by him approve requisitions electronically, or in the event of the FIMS not being available sign manual orders;
 - (b) maintain an up-to-date list of such authorised employees, including specimen signatures identifying in each case the limits of their authority;

- (c) notify all authorisations in writing to the Executive Director (Resources and Support Services);
 - (d) ensure that unique numbered official orders are used for all supplies and services. (Other than the exceptions specified in Dq3;
 - (e) ensure that requisitions and orders are only used for supplies and services provided to the Council for its own use or that of approved partnerships. Employees must not use official requisitions or orders to obtain supplies or services for their private use;
 - (f) ensure that product information is inserted and maintained regularly within the FIMS for which they are responsible and that the correct tax codes are applied to products.
- Dq9 The authoriser of the requisition or order must be satisfied that the supplies and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles shall underpin the Council's approach to procurement. Value for money should always be achieved. The Director is responsible for the control and security of unused orders within his service.
- Dq10 Where, as a matter of urgency or emergency works, supplies or services have to be ordered verbally (without using FIMS), an official order number shall be quoted and a written confirmatory order, marked as such, shall be issued promptly.
- Dq11 Where, goods are ordered from a safe Internet site and subject to settlement at a later date, an official order number shall be quoted and a written confirmatory order, marked as such, shall be issued promptly.
- Dq12 Each order shall conform with Standing Orders relating to contract procedures and to any other relevant directions of the Council with respect to central purchasing, standardisation of supplies and materials and any other matters.
- Dq13 No commitment to purchasing items where there is an approved corporate purchasing policy, even if provided for in an approved budget, shall be undertaken without prior agreement with the appropriate section to ensure that the policy is complied with. No commitment to purchasing items where there is an approved purchasing officer responsible for that type of product shall be undertaken without prior agreement with the relevant officer to ensure that any agreement is complied with, i.e. printing and stationery (other than that used in connection with a specialised system or equipment) or Information Technology equipment.
- Dq14 All product groups shall have designated owners and only they shall update and maintain the FIMS for those products. All product owners shall identify the correct VAT codes against the products. Where product catalogues and market places are identified and are available electronically these shall be used in preference to manual sources.
- Dq15 Orders shall clearly indicate:
- (a) the nature of the purchase;
 - (b) the quantity required;
 - (c) any contract or agreed prices relating to the purchase;
 - (d) the delivery dates where specified and location;
 - (e) the charge code in the case of manual orders and
 - (f) the address to which an account must be sent, which shall be the central address for invoices.
- Dq16 The issue of "open" orders will not be permitted unless prior written approval has been obtained from the Executive Director (Resources and Support Services).
- Dq17 Directors shall ensure that the department obtains value for money from purchases by taking appropriate steps to obtain competitive prices for supplies and services of the appropriate quality.
- Dq18 The limits will be those as specified by the Cabinet that apply to quotations in respect of orders for works, supplies and services as set out in these regulations in the monetary amounts table.

- Dq19 In the absence of any good reason to the contrary, which should be clearly indicated on file, the lowest quotation shall be accepted.
- Dq20 In cases where the minimum requirements as set out in Dq18 have not been satisfied, the reason for non compliance shall be clearly indicated on the copy order and invoice.
- Dq21 If the works, supplies or services to be supplied consist of emergency repairs to or parts supplied in an emergency for existing machinery or plant, written quotations may not be required.
- Dq22 Where orders of a repetitive nature occur and it is likely that the total value will exceed the monetary amount as specified in these regulations in any twelve-month period Financial Regulations and Standing Orders in relation to contracts shall apply.
- Dq23 Directors shall ensure that:
- (a) loans, leasing or rental arrangements are not entered into without prior agreement from the Executive Director (Resources and Support Services). This is because of the potential impact on the Council's borrowing powers, to protect the Council against entering into unapproved credit arrangements and to ensure that value for money is being obtained;
 - (b) two authorised employees are involved in the ordering, receiving and payment process. If possible, a different employee from the person who signed the order, and in every case, a different employee from the person checking a written invoice, should authorise the invoice.

Contracts

- Dr1 All contracts for supplies or work carried out on behalf of the Council shall be subject to the Council's Standing Orders.
- Dr2 Directors shall inform the Executive Director (Resources and Support Services) at the time of raising a requisition, that the transaction relates to a contract and the relevant retention figure shall be notified at this stage.

Works contracts

- Dr3 Each Director shall:
- (a) keep a register of Contracts in a form approved by the Executive Director (Resources and Support Services). The Legal Services Manager shall notify the relevant Directors and the Audit Manager as soon as possible, after any contract or subcontract has been made;
 - (b) continually monitor expenditure under a contract and take such action, as he considers necessary to prevent the final contract sum exceeding that approved unless he certifies such excess is unavoidable. If the final contract sum appears likely to exceed the approved sum, this must be reported to the Cabinet and approval obtained for the additional spending before further payment can be made.
- Dr4 Payments to a contractor shall be made on receipt of an invoice, where interim measurements are to be authorised for payment by the Director, the details of which shall be requested prior to agreement of the submission of the invoice.

Completion of Contracts

- Dr5 The final invoice on completion of any contract shall not be paid until the appropriate employee or consultant has produced to the Audit Manager a detailed statement of account, all relevant documents required and the provisions of Financial Regulation Dr12 and Dr13 are satisfied.
- Dr6 The Audit Manager shall, to the extent that he considers necessary, examine final accounts for contracts and be entitled to make all such enquiries and receive all such explanations as he may require in order to satisfy himself as to the accuracy of the accounts. The Audit Manager

shall notify, in writing, the appropriate Director (or private architect, engineer, consultant as appropriate) that the examination is complete and that the final payment, less retention can be issued.

- Dr7 Directors shall report to the Cabinet on the final total cost of the contract giving reasons for any variations from the original approved contract amount.
- Dr8 Where completion of a contract is delayed, the Legal Services Manager shall be informed by the Director concerned in order that he may take appropriate action in respect of any claim for liquidated damages.
- Dr9 Directors shall request payment of retention monies in writing from the Audit Manager when they are due.

Goods and materials contracts

- Dr10 Each Director shall continually monitor expenditure under a contract and take such action as he considers necessary to prevent the contract sum exceeding approved budget limits where these are applicable.

General

- Dr11 Except after consultation with the Legal Services Manager an employee shall not authorise work to be commenced or goods to be supplied where such work or goods are to be the subject of a formal contract, entered into between the Council and the Contractor until the Legal Services Manager has advised such employee that the contract has been signed by the contractor and that the appropriate insurances and bonds have been effected to his satisfaction and the Executive Director (Resources and Support Services) is satisfied that the contractor is financially competent to undertake the contract.
- Dr12 The Legal Services Manager shall be responsible for keeping in secure custody all contract documents, including plans, specifications, bills of quantities, bonds etc.

Variations to Contracts

- Dr13 Subject to the provisions of the contract and Financial Regulations Dr2b and Dr8, every variation, addition to or omission from, a contract duly authorised shall be notified in writing to the Contractor by the responsible Director. Such authorisations shall, wherever practical be given before the variation etc. is carried out.
- Dr14 No variation order or instruction shall be issued which would cause the expenditure on a project to exceed the amount authorised in relation to that project by the Cabinet under Financial Regulation Dq9 without first seeking and obtaining Cabinet approval.
- Dr15 Claims from contractors in respect of matters not clearly within the terms of an existing contract shall be referred to the Legal Services Manager for consideration of the Council's legal liability before a settlement is reached.

Explanatory notes

Clearly defined standard procedures for the ordering of supplies and services are essential. Directors are responsible for ensuring that they have appropriate authority to incur expenditure on behalf of the Council and for clearly defining those employees who have authority to approve requisitions and orders on behalf of the service. With the introduction of the new FIMS the approval of the requisition will be the stage at which an order will be automatically raised and issued, Payment of the invoice following the goods receipting will be completed automatically if all aspects match. In the event of a system failure it will be necessary to return to a manual ordering system and requisition authorisers under the electronic FIMS will need to sign manual orders. The details of such emergency orders will be uploaded into the FIMS as soon as possible following its revival. Reference to written confirmation orders relates to the despatch of electronic orders where possible in preference to paper copies.

Reference in the regulations is made to authorising the requisition on the FIMS and the order in the case of emergency manual orders.

A central PO Box address will be set up to which all invoices shall be sent, these will be received and opened in the Post Room of Legal and Democratic Services

The Council enters into many contracts for the supply of supplies and services and the carrying out of various direct labour works. The Regulations, together with Contract Standing Orders, are designed to ensure that the Council receives value for money under the contractual arrangements and has appropriate legal recourse in the event of a supplier failing to meet contractual conditions.

Contract registers are maintained to show the state of account between the Council and the Works Contractor, together with any other payments and the related professional fees.

It is the responsibility of the Director to arrange for the monitoring, verification and certification of contract payments. The Executive Director (Resources and Support Services) relies on Directors informing him if account payments are to be held back.

The scope for variations to a contract will normally be governed by the terms of the contract. Directors must ensure that the terms are adhered to and/or the supplier/contractor is notified, in writing, of all variations.

Directors must ensure that the appropriate Capital and Revenue budgetary approvals (in accordance with Sections B of these regulations) exist where substantial variations to contracts have occurred.

Paying for Work, Supplies and Services

- Ds1 The Executive Director (Resources and Support Services) shall:
- (a) make all payments on behalf of the Council, with the exception of payments out of advance accounts. The normal method of payment from the Council shall be by BACS or other instrument or approved method, drawn on the Council's bank account by the Executive Director (Resources and Support Services). The use of direct debit shall require the prior agreement of the Executive Director (Resources and Support Services);
 - (b) provide advice and encouragement on making payments by the most economical means, preferably electronic. Directors shall encourage suppliers of supplies and services to receive payment by the most economical means, preferably electronic, for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Executive Director (Resources and Support Services).
- Ds2 Where the facility exists every invoice submitted to the Executive Director (Resources and Support Services) for payment shall be scanned electronically and paid where it matches the order details on the FIMS. Where a match is not made, the invoice shall require further approval prior to payment in the form approved by the Executive Director (Resources and Support Services).
- Ds3 Directors shall ensure that the department maintains and reviews periodically a list of employees approved to authorise invoices. Names of authorising employees together with specimen signatures and details of the limits of their authority shall be forwarded to the Finance Manager;
- Ds4 In cases where there is no electronic matching of the invoice to the order within the FIMS, the Director whose authorised employee approved the relevant requisition shall be responsible for certifying that the account is properly payable by the Council. He shall submit it to the Finance Manager as soon as possible and in all cases not later than fifteen working days after its receipt, unless he has established that he cannot certify the account given the requirements of Financial Regulation Ds7. Where he cannot certify an account within the fifteen-day period he shall promptly take all action necessary to permit him to certify the account as soon as possible. Where an invoice is disputed, he shall notify the Finance Manager to that effect as soon as practicable.

- Ds5 Every employee should be aware of and comply with “The Late Payment of Commercial Debts (Interest) Act 1998” and the corporate requirement for all invoices to be paid within 30 days of receipt unless different terms are mutually agreed with the supplier.
- Ds6 The Executive Director (Resources and Support Services) shall:
- (a) make payments from the Council’s funds on the Director’s certification by authorised employees that the expenditure has been duly incurred in accordance with financial regulations;
 - (b) make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
 - (c) Make payments where electronic matching of invoices within the FIMS has taken place once the authorised officer has approved and updated FIMS for receipt of the goods and services.
- Ds7 The approval of an invoice for payment via the FIMS, or certification if a manual system is used, shall mean:
- (a) that Standing Orders and Financial Regulations have been complied with;
 - (b) that the receipt of the invoice has been entered on the departmental copy of the official order, or registered and matched immediately to the electronic order, unless other arrangements have been agreed with the Executive Director (Resources and Support Services);
 - (c) that the works, supplies, or services have been carried out or received to the correct quantity and quality and approved as in accordance with the specification and that the prices and discounts (if any) are correct and in accordance with the contract, tenders, quotation or order and the FIMS is updated to reflect this. The system shall only be updated to record receipt of goods and services received if the authorised employee is satisfied with them. Such updating shall take place as soon as practicable by the authorised employee;
 - (d) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
 - (e) that where, in exceptional circumstances, payment has to be made to a supplier/ contractor in advance of the receipt of the supplies or the work being carried out, the Legal Services Manager and the Chief Executive shall be notified if those supplies/services fail to be provided following payment;
 - (f) that the net amount of the invoice can be met from within an approved estimate;
 - (g) that the invoice is arithmetically correct;
 - (h) that the invoice has not previously been passed for payment;
 - (i) that all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule;
 - (j) that appropriate entries have been made in inventories, stock records, and the asset register as required;
 - (k) that where the invoice includes VAT, it meets the requirements of H M Customs and Excise, it is correctly calculated on the account;
 - (l) that in the case of charges for gas, electricity, and water, any standing charges are correct, consumption is charged on the correct tariff and that the consumption recorded is reasonable in the light of previous and present experience;
 - (m) For non ordered items Directors shall indicate on the FIMS against the appropriate invoice, the expenditure headings to which the invoice should be properly charged and details of the contract against which expenditure is chargeable;
 - (n) that there are no outstanding credit notes which are to be applied against the invoice;
- Ds8 All amendments to an invoice, above or below the agreed tolerance levels as approved by the Executive Director (Resources and Support Services), shall be agreed with the supplier in writing by the employee making the amendment. Such amendments shall be made in ink and signed by the employee making the amendment and initialled by the certifying employee if a different person, stating briefly the reason for the amendment if it is not obvious. An employee shall not add any additional item or items to an invoice rendered by a supplier. VAT shall not be adjusted, the invoice must be returned to the supplier for amendment or a credit note obtained.

- Ds9 All payments are to be made to subcontractors, as defined by Inland Revenue regulations where the subcontractor is in possession of a valid current registration card or certificate. All suppliers' accounts submitted to the Finance Manager for payment must show that the card or certificate has been examined to ensure that the relevant deductions will be made.
- Ds10 Invoices shall not be made out by employees of the Council, except where the payment to be made is in respect of a recurring payment, or another payment for which the supplier will not issue an invoice. In all such cases the invoice made out shall be in a form approved by the Executive Director (Resources and Support Services).
- Ds11 The Director shall ensure that all invoices are stamped with the date received in the department. Invoices shall be forwarded to the Finance Manager for electronic scanning after which they will be matched with the originating order in the FIMS (where these facilities exist). In the case of manual orders, copies of all corresponding orders shall be marked with the date the invoice is passed to the Finance Manager for payment together with the amount of the invoice, including a separate note of the amount of VAT on the invoice. All invoices received shall be registered within the FIMS to indicate their date of receipt. Payment will only be made if goods/ services received has been updated on the FIMS or otherwise certified by a responsible officer. The Executive Director (Resources and Support Services) may where he considers it appropriate, agree alternative arrangements to these procedures;
- Ds12 Each Director shall:
- (a) notify the Executive Director (Resources and Support Services) immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision; and
 - (b) as soon as possible after the 31st March in each year, supply to the Executive Director (Resources and Support Services) schedules of all outstanding accounts for which orders have not been matched within the FIMS, over the amount specified by Cabinet or such other sum as may be specified by the Executive Director (Resources and Support Services), in respect of the previous financial year. Such schedules shall be in a form, prescribed by the Executive Director (Resources and Support Services).
- Ds13 The Executive Director (Resources and Support Services) shall have the right to carry out such additional checks as he considers appropriate in respect of an invoice, either before or after it is paid. In addition, he shall have the right to satisfy himself that the proper procedure laid down as to the authorising and ordering of supplies and services and the examination of accounts has been properly carried out in the spending department. All explanations and information regarding such invoices and all books and documents relating to them and facilities for inspecting supplies provided or work done shall be provided to him.
- Ds14 All payments which include VAT shall be supported by a VAT invoice or receipt.

Explanatory note

Except for payments out of advance accounts the Executive Director (Resources and Support Services) makes all payments on behalf of the Council.

Invoices will be received, scanned and registered in the FIMS where they will be paid if they match with an order and the goods/ services are noted as received. In the event that they do not match to orders or receipt of goods and services has not been noted they will be queried with the relevant department and which will be required to approve the invoice for payment, to update FIMS with the receipt of goods/services.

The procedures and checks to be carried out on invoices are set out in the Financial Regulations. Directors are required to check the accuracy and validity of invoices payable by the Council. They must also ensure that only employees authorised by them certify invoices for payment.

Accurate treatment of VAT on invoices is essential; especially as H M Customs and Excise can impose fines on the Council for non-compliance with VAT regulations. In extreme cases, H M

Customs and Excise can impose fines on individual employees. Guidance on the correct treatment of VAT can be obtained from the Council's VAT manual, which has been issued to all departments.

The Executive Director (Resources and Support Services) will agree procedures with Directors on the records to be maintained at departmental level.

The Executive Director (Resources and Support Services) will carry out pre and post payment checks, as he considers necessary.

The Executive Director (Resources and Support Services) needs to be informed as to the details of outstanding accounts or creditors (reserves) in order that the year end accounts can be finalised.

Certification – this refers to the checking and approval of invoices manually.

Approval – computerised – this refers to the matching of invoices to order details on the FIMS following the system being updated to confirm receipt of the goods and/or services.

Payments to Employees and Members

- Dt1 The Human Resources Manager shall make arrangements to:
- (a) pay all salaries, wages, pension benefits, compensation, Members allowances and other emoluments to existing and former employees, properly payable by the Council on the due date;
 - (b) record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions;
 - (c) pay Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- Dt2 Directors or their authorised employee shall confirm and certify the correctness of information for all appointments, resignations, dismissals, absences from duty, suspensions, secondments, transfers, and changes in remuneration (other than normal increments), of employees. The information shall then be notified to the Human Resources Manager in order that records of employment and conditions of service can be maintained.
- Dt3 The Human Resources Manager shall:
- (a) as soon as possible arrange for the necessary adjustment of any information received under Dt2 that may affect the salaries, wages or emoluments of any employee or former employee;
 - (b) provide advice and encouragement to secure payment of salaries, wages and Members allowances by the most economical means.
- Dt4 Directors shall notify the Human Resources Manager of all matters affecting the payment of items referred to in Dt1 and Dt2 above as soon as possible and in the prescribed form, subject to special arrangements agreed by the Human Resources Manager; and in particular of:
- (a) absences from duty for sickness or other reason, apart from approved annual, compensatory and flexitime leave with pay;
 - (b) changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - (c) information necessary to maintain records of service for pension, income tax, national insurance, etc.
- Dt5 Directors shall:
- (a) ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule;
 - (b) ensure that appointments of all employees are made in accordance with the Council's policies and the approved establishments, grades and rates of pay and that adequate budget provision is available.
- Dt6 All time records shall be in a form approved by the Human Resources Manager and shall be certified by the appropriate Director, or his designated employee. Timesheets shall be

forwarded to the Human Resources Manager in accordance with a timetable prescribed by him.

- Dt7 All records required for the calculation of bonus payments shall be in a form approved by the Executive Director (Resources and Support Services) and shall require such checks or certifications as he may consider necessary.
- Dt8 The Executive Director (Resources and Support Services) shall impose such checks on wage records, as he considers desirable.
- Dt9 A Director may certify payment of overtime to employees on spinal column point 35 and above only where:
- (a) prior approval has been obtained from the Chief Executive or a Member of the Cabinet for overtime payments which are identifiable and for work of an exceptional nature; or
 - (b) a long-term vacancy (of more than two months), exists. Payments may be approved by the Director and are limited to the savings resulting from the vacancy giving rise to the additional workload.
- Dt10 Directors shall:
- (a) ensure that adequate and effective systems and procedures are operated, so that:
 - payments are only authorised to bona fide employees,
 - payments are only made where there is a valid entitlement,
 - conditions and contracts of employment are correctly applied,
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness;
 - (b) send an up-to-date list of the names of employees authorised to sign records to the Human Resources Manager, together with specimen signatures;
 - (c) give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Executive Director (Resources and Support Services) and the Human Resources Manager;
 - (d) ensure that payments are only allowed through the PAYE system ;
 - (e) ensure that the Human Resources Manager is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

Allowances to Members, Travel and Subsistence

- Dt11 Members shall submit claims for travel and subsistence allowances within two months of the date of the meeting or duty to which the claim relates and, in any event, within one month of the year-end.
- Dt12 All claims by Members of the Council shall be made in a form approved by the Executive Director (Resources and Support Services). Claims shall be certified by the Member concerned as a true and correct record and certified as correct by the Democratic Services Manager or his designated employee.

Travelling and Subsistence Allowance

- Dt13 Directors shall:
- (a) certify travel and subsistence claims. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved;
 - (b) be responsible for the arithmetical check of travelling and subsistence claims, the accuracy of the mileage claimed, the validity of the journeys undertaken and for ensuring compliance with the Council's car allowance regulations, car leasing scheme and such other decisions of the Council as may be appropriate.

- Dt14 The Executive Director (Resources and Support Services) shall rely on the certification of employees authorised by each Director and shall be empowered, to pay, on behalf of the Council, all claims so certified. All claims by Employees of the Council shall be made in a form approved by the Executive Director (Resources and Support Services).
- Dt15 Employee's claims must be submitted promptly and those submitted more than six months after the expenses were incurred, will only be paid with the express approval of the Executive Director (Resources and Support Services).

Explanatory notes

Employee costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the full council.

The Human Resources Manager is responsible for the payment of employees on behalf of the Council. Directors are responsible for notifying and certifying to the Human Resources Manager all information necessary to ensure the correct payment of salaries, wages, etc.

There is a presumption against the payment of overtime to employees on spinal point 35 and above. However, the regulation allows exceptions to the rule in extreme circumstances

The Executive Director (Resources and Support Services) will pay allowances to Members in accordance with the procedures laid down by regulation Dt12. This regulation is subject to review in the light of any detailed regulations issued by the DCLG.

Directors are responsible for checking the accuracy and validity of employees' claims for travelling and subsistence allowances and for certifying the claims for payment.

Taxation

- Du1 The Human Resources Manager shall complete all Inland Revenue returns regarding PAYE.
- Du2 The Executive Director (Resources and Support Services) shall:
- (a) complete a monthly return of VAT inputs and outputs to HM Customs and Excise;
 - (b) provide details to the Inland Revenue regarding the construction industry tax deduction scheme;
 - (c) provide details to the Inland Revenue regarding the Council's liability under Section 53 of the Income and Corporation Tax Act 1970.
- Du3 Directors shall:
- (a) ensure that the correct VAT liability is attached to all income due and that all VAT recovered on purchases complies with HM Customs and Excise regulations;
 - (b) ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements;
 - (c) ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency;
 - (d) follow guidance on taxation issued by the Executive Director (Resources and Support Services)

Explanatory notes

Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all employees to be aware of their role. The Executive Director (Resources and Support Services) has made arrangements for the Human Resources Manager to provide taxation help in respect of payments to Employees and Members.

Trading Accounts

- Dv1 Except where specifically stated, these financial regulations apply to the activities of trading services.
- Dv2 Directors shall:
- (a) consult with the Executive Director (Resources and Support Services) where a trading activity wishes to enter into a contract with a third party where the contract expiry date exceeds the arrangement previously agreed by the Council. In general, such contracts should not be entered into unless they can be terminated within the main agreement period without penalty;
 - (b) observe all statutory requirements in relation to trading activities, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts;
 - (c) ensure that the same accounting principles are applied in relation to trading accounts as for other services;

Explanatory notes

Trading accounts have become more important as local authorities have developed a more commercial culture. The best value accounting code of practice identifies when authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the BVPP.

E: EXTERNAL ARRANGEMENTS

Partnerships

- Ea1 Where appropriate, partnerships shall only be entered into with organisations which, in the opinion of the Chief Executive, Executive Director (Resources and Support Services) and the relevant Executive Director:-
- (a) are aware of their responsibilities under the Council's financial regulations and standing orders in relation to contracts;
 - (b) ensure that risk management processes are in place to identify and assess all known risks;
 - (c) ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
 - (d) agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences;
 - (e) communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- Ea2 The Executive Director (Resources and Support Services) shall:
- (a) advise on effective controls that will ensure that resources are not wasted;
 - (b) advise on the key elements of funding a project; they include:
 - a scheme appraisal for financial viability in both the current and future years approved by Cabinet;
 - risk appraisal and management ;
 - resourcing, including taxation issues;
 - audit, security and control requirements;
 - carry-forward arrangements.
 - (c) ensure that the accounting arrangements are satisfactory.
- Ea3 Directors shall:
- (a) maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Executive Director (Resources and Support Services)
 - (b) ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared and a pre partnership questionnaire completed as part of an overall evaluation of the partnership controls. This will form part of the control document that shall be approved by the Executive Management Team prior to seeking Cabinet approval;
 - (c) ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council;
 - (d) ensure that all agreements and arrangements are properly documented;
 - (e) provide appropriate information to the Executive Director (Resources and Support Services) to enable a note to be entered into the Council's statement of accounts concerning material items.

Explanatory notes

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. Councils are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Councils will still deliver many services themselves, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

Councils will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Councils will be measured by what they achieve in partnership with others.

The main reasons for entering into a partnership are:

- (a) the desire to find new ways to share risk;*
- (b) the ability to access new resources;*
- (c) to provide new and better ways of delivering services;*

(d) to forge new relationships.

A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project; or*
- (b) a body whose nature or status give it a right or obligation to support the project.*

Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others;*
- (b) acting as a project funder or part funder;*
- (c) being the beneficiary group of the activity undertaken in a project.*

Partners have common responsibilities:

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

Clear reasons must be provided to Cabinet where the Council is the accountable body in the partnership and yet the regulations in Ea1 are not adopted by the partners.

External funding

- Eb1 The Executive Director (Resources and Support Services) shall:
- (a) ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts;
 - (b) ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements;
 - (c) ensure that audit requirements are met.
- Eb2 Directors shall:
- (a) ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council;
 - (b) ensure that the key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are understood;
 - (c) ensure that all claims for funds are made by the due date;
 - (d) ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

Explanatory notes

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. Councils are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery and the single regeneration budget 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.

Work for third parties

- Ec1 The Executive Director (Resources and Support Services) shall give advice with regard to the financial aspects of third party contracts and the maintenance of the contract register.

- Ec2 Directors shall:
- (a) ensure that the approval of the Cabinet is obtained where necessary before any negotiations are concluded to work for third parties;
 - (b) maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Executive Director (Resources and Support Services);
 - (c) ensure that appropriate insurance arrangements are made;
 - (d) ensure that the Council is not put at risk from any bad debts;
 - (e) ensure that no contract is subsidised by the Council except where there are justifiable reasons acceptable to the Executive Director (Resources and Support Services);
 - (f) ensure that, wherever possible, payment is received in advance of the delivery of the service;
 - (g) ensure that the relevant department/unit has the appropriate expertise to undertake the contract;
 - (h) ensure that such contracts do not impact adversely upon the services provided for the Council;
 - (i) ensure that all contracts are properly documented; and drawn up using guidance provided by the Legal Services Manager and that the formal approvals process is adhered to;
 - (j) ensure that proposals are costed properly in accordance with advice provided by the Executive Director (Resources and Support Services);
 - (k) provide appropriate information to the Executive Director (Resources and Support Services) to enable a note to be entered into the statement of accounts.

Explanatory note

Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit 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 within the law.

DEFINITIONS/ GLOSSARY OF TERMS

| | |
|---------------------|--|
| BACS | Bankers Automated Clearing Services. A system for making payments directly from one bank account to another. |
| BUDGET HEAD | Every line in the detailed budget book represents a budget head |
| CASH FIGURES | The cash limits approved by the Cabinet to apply to these Regulations exclude VAT recoverable by the Council |
| COMMITTEE | Where appropriate this includes Sub Committees and working parties |
| DIRECTOR | Means an employee who reports directly to the Chief Executive (excluding any employee in the Chief Executive's department) (currently termed Executive Directors) and the Chief Executive and shall include other such appropriate employees as may be designated by the Council as employees, or any employee authorised by a 'Director' to carry out such duties as delegated to the Head of that Service to whom the definition shall apply. Where Directors are referred to by their specific designation, e.g. Chief Executive, the same meaning applies. |
| FIMS | Financial Information Management System that incorporates the general ledger and the purchase to pay system, presently Agresso |
| GRANT COORDINATOR | A Member of Accountancy responsible for collating information from Directors in respect of grants due in, payment claims and their supporting evidence |
| INVOICE/ ACCOUNT | The terms invoice and account in relation to payments are interchangeable. |
| SECTION 151 OFFICER | The Officer designated by the Council to act in accordance with Section 151 of the Local Government Act 1972 in relation to the financial administration and stewardship of the Council. |
| SENIOR MANAGER | Means an employee of the Council at the Third Tier level, i.e. immediately below the level of Director, currently comprising Corporate and Service Managers, plus any other employee who may be designated a Senior Manager by the Council. |
| SERVICE/ DEPARTMENT | The terms service and department are interchangeable |
| VIREMENT | Means the permission to spend more money on one budget head to cover unavoidable overspending when this is matched by a corresponding reduction on another head, or heads or combination of heads. |

NEWCASTLE UNDERLYME BOROUGH COUNCIL

Polling District Review 2007

Kidsgrove and Ravenscliffe 2007

Polling Stations at present:

Kidsgrove:

- Kidsgrove Central Youth Club
- Dove Bank Primary School
- Whitehill Trinity Methodist School Room
- Maryhill Primary School

Ravenscliffe:

- Kidsgrove Town Hall
- Mobile Unit, Play Area, Moreton Close, Kidsgrove
- Dove Bank Primary School

It is proposed that:

- I. **Dove Bank Primary School** no longer be used as a polling station.
- II. That **Birchenwood Pavillion** be used as a polling station.
- III. That the following alterations to polling stations be agreed:

| Road | Current | Changes Recommended for Kidsgrove | |
|------------------|------------------------------|-----------------------------------|---|
| Gloucester Road | Dove Bank | 71 to 85 (Odd Numbers) | Move to Maryhill Primary |
| | Dove Bank | 90 to 140 (Even Numbers) | Move to Maryhill Primary |
| | Dove Bank | 151 to 227 (Odd Numbers) | Move to Maryhill Primary |
| Queens Street | Dove Bank | | Move to Kidsgrove Central Youth Club |
| King Street | Dove Bank | 2 to 60 | Move to Kidsgrove Central Youth Club |
| Galleys Bank | Dove Bank | 1 to 73 (Odd Numbers) | Move to Whitehill Trinity Methodist School Room |
| Lamb Street | Dove Bank | | Move to Kidsgrove Central Youth Club |
| Cobmoor Road | Dove Bank | | Move to Maryhill Primary |
| Highfield Avenue | Dove Bank | | Move to Whitehill Trinity Methodist School Room |
| Warwick Close | Kidsgrove Central Youth Club | | Move to Maryhill Primary |

| Road | Current | Changes Recommended for Kidsgrove | |
|---------------------|------------------------------|--|---|
| Dorchester Close | Kidsgrove Central Youth Club | | Move to Maryhill Primary |
| Whitehill Road | Dove Bank | | Move to Whitehill Trinity Methodist School Room |
| Maryhill Close | Dove Bank | | Move to Maryhill Primary |
| Moss Cottages | Dove Bank | | Move to Whitehill Trinity Methodist School Room |
| Bedford Road | Kidsgrove Central Youth Club | 22-2 (Even) | Move to Maryhill Primary |
| Bedford Road | Kidsgrove Central Youth Club | 27-1 (Odd) | Move to Maryhill Primary |
| William Road | Dove Bank | 35 to 113 (Odd) | Move to Kidsgrove Central Youth Club |
| William Road | Dove Bank | 30 to 76 (Even) | Move to Kidsgrove Central Youth Club |
| William Road | Dove Bank | 2 to 28 (Even) | Move to Whitehill Trinity Methodist School Room |
| William Road | Dove Bank | 1 to 33 (Odd) | Move to Whitehill Trinity Methodist School Room |
| Park View Road | Dove Bank | | Move to Whitehill Trinity Methodist School Room |
| Salop Place | Dove Bank | | Move to Kidsgrove Central Youth Club |
| Dorset Place | Dove Bank | | Move to Kidsgrove Central Youth Club |
| Rutland Road | Dove Bank | | Move to Kidsgrove Central Youth Club |
| Surrey Road | Dove Bank | | Move to Kidsgrove Central Youth Club |
| Lamb Street | Dove Bank | | Move to Kidsgrove Central Youth Club |
| Tern Avenue | Whitehill Trinity | | New Station – Birchenwood Pavilion |
| Dane Gardens | Whitehill Trinity | | New Station – Birchenwood Pavilion |
| Derwent Crescent | Whitehill Trinity | | New Station – Birchenwood Pavilion |
| Spey Drive | Whitehill Trinity | | New Station – Birchenwood Pavilion |
| Pennyfields Road | Kidsgrove Central Youth Club | | New Station – Birchenwood Pavilion |
| Parklands | Dove Bank | | New Station – Birchenwood Pavilion |
| Winghay Road | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Sparrow Butts Grove | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Magpie Crescent | Whitehall Trinity | | New Station – Birchenwood Pavilion |

| Road | Current | Changes Recommended for Kidsgrove | |
|--------------------|-------------------|--|------------------------------------|
| Silvermine Close | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Little Row | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Brights Avenue | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Birches Way | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Phoenix Close | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Sandpiper Court | Whitehall Trinity | | New Station – Birchenwood Pavilion |
| Burntwood Grove | Dove Bank | | New Station – Birchenwood Pavilion |
| Whitfield Road | Dove Bank | | New Station – Birchenwood Pavilion |
| Mossfield Crescent | Dove Bank | | New Station – Birchenwood Pavilion |
| Diamond Avenue | Dove Bank | | New Station – Birchenwood Pavilion |
| Nabbs Close | Dove Bank | | New Station – Birchenwood Pavilion |

| Road | Current | Changes Recommended for Ravenscliffe | |
|------------------|----------------|---|------------------------------------|
| Mount Road | Dove Bank | | New Station – Birchenwood Pavilion |
| Vinebank Road | Dove Bank | | New Station – Birchenwood Pavilion |
| Wellington Road | Dove Bank | | New Station – Birchenwood Pavilion |
| Waterloo Grove | Dove Bank | | New Station – Birchenwood Pavilion |
| Wesley Gardens | Dove Bank | | New Station – Birchenwood Pavilion |
| Attwood Street | Dove Bank | | New Station – Birchenwood Pavilion |
| Gilbert Close | Dove Bank | | New Station – Birchenwood Pavilion |
| Napier Gardens | Dove Bank | | New Station – Birchenwood Pavilion |
| Higherland Court | Dove Bank | | New Station – Birchenwood Pavilion |
| Peel Court | Dove Bank | | New Station – Birchenwood Pavilion |
| Victoria Court | Dove Bank | | New Station – Birchenwood Pavilion |
| Bank Court | Dove Bank | | New Station – Birchenwood Pavilion |
| Tamar Road | Dove Bank | | New Station – Birchenwood Pavilion |
| Medina Way | Dove Bank | | New Station – Birchenwood Pavilion |
| Whiteridge Road | Dove Bank | | New Station – Birchenwood Pavilion |
| Eden Close | Dove Bank | | New Station – Birchenwood Pavilion |
| Swallow Close | Dove Bank | | New Station – Birchenwood Pavilion |
| Swift Close | Dove Bank | | New Station – Birchenwood Pavilion |
| Capper Close | Dove Bank | | New Station – Birchenwood Pavilion |
| Tilewright Close | Dove Bank | | New Station – Birchenwood Pavilion |
| Weir Grove | Dove Bank | | New Station – Birchenwood Pavilion |
| Powy Drive | Dove Bank | | New Station – Birchenwood Pavilion |
| Wheelock Way | Dove Bank | | New Station – Birchenwood Pavilion |