

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL**

**24 February 2010**

**1. REVISED FINANCIAL REGULATIONS**

**Submitted by:**           **Head of Finance**

**Portfolio:**               **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 February 2009. As part of the arrangements to ensure good corporate governance of the Council, a review of the Regulations is now carried out on an annual basis. Following this year's review amendments have been made in respect of any areas which have been found where the current Regulations do not fully reflect the current Council management structure and responsibilities and a few new activities have been included and some clarifications made. 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.

## 2. **Issues**

2.1 The revised Regulations are appended to this report at Appendix 'A' (blue paper). A copy of the Regulations, showing the changes which have been made, compared to the current Regulations, is available in the Members Room.

2.2 The main changes are:

- Medium Term Financial Strategy to cover five years not three and to be considered by Cabinet no later than the end of October each year (rather than September).
- Updated wording to take account of the revised CIPFA Treasury Management Code of Practice.
- Makes clear that the Cabinet is responsible for the implementation of treasury management policies and practices.
- Audit and Risk Committee to be responsible for regular review of treasury management activities and to receive a mid-year review of treasury management activities.
- The introduction of Business Managers has been recognised;
- Head of Corporate Policy and Performance replaced by Head of Performance and Transformation.
- Directors to ensure that all inspections or programmes of work designed to identify or mitigate risks which are required by law or by the Council are carried out and evidence is retained to show that this has been done.
- Regulations relating to information security amended to clarify position relating to removable media and mobile ICT equipment and telephony, particularly to require encryption to be employed in respect of removable media.
- Regulations added to clarify that only employees of the Council may approve the ordering of and payment for goods and services supplied to the Council.
- Provision made for the use of Procurement Cards.
- Regard to be had to the provisions of the "Prompt Payments Code" in relation to suppliers' invoices, which the Council has signed up to.
- Removal of reference to records of bonus payments and checking them as these payments no longer apply.

## 3. **Financial and Resource Implications**

There are none.

## 4. **List of Appendices**

Appendix 'A' (blue paper) - Revised Financial Regulations

## 2. **CAPITAL STRATEGY**

**Submitted by:** Head of Finance

**Portfolio:** Resources and Efficiency

**Wards Affected:** All

### **Purpose**

To consider the Capital Strategy 2010 to 2013.

### **Recommendation**

**That the Capital Strategy be approved.**

### **Reason**

The Capital Strategy sets out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives.

## 1. **Background**

- 1.1 The previous Capital Strategy was approved by the cabinet on 18 February 2009. It covered the period 2009 to 2012. When Full Council considered revised Financial Regulations on 25 February 2009, it resolved that following discussion by the Cabinet the Capital Strategy be approved by Full Council.
- 1.2 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and stakeholders with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It covers the period 2009 to 2013. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

## 2. **Issues**

- 2.1 The Capital Strategy is appended to this report at Appendix 'B' (lavender paper).
- 2.2 The draft Strategy will be considered by the Cabinet at its meeting on 17 February 2010 and any amendments suggested there will be reported to you at your meeting for consideration.

## 3. **Financial and Resource Implications**

- 3.1 There are none deriving directly from the Strategy.

## 4. **List of Appendices**

Appendix 'B' (lavender paper) - Capital Strategy 2010 to 2013

### 3. **RETURNING OFFICER'S STATEMENT OF THE RESULT OF THE NEWCHAPEL BY-ELECTION**

**Submitted by:** Chief Executive – Mark Barrow

**Portfolio:** Customer Service and Transformation

**Ward(s) affected:** Newchapel

#### **Purpose of the Report**

To report on the result of the Newchapel By-Election held on 4 February 2010.

#### **Recommendation**

**That the election of Councillor Susan Short be noted.**

#### 1. **Background**

- 1.1 Following the death of former Councillor Mrs Salt, a by-election was held for the vacancy in the Newchapel ward on 4 February 2010. The result was as follows:

Name of Candidate	Party	Number of Votes
LOVATT, Carol	UKIP	148
RHODES, Adrian	Liberal Democrats	127
ROBINSON, Kyle	Labour	138
SHORT, Susan Elizabeth	Conservative	208

- 1.2 Susan Short was elected to serve as Councillor for the Newchapel Ward until the date of the municipal election in May 2011.

### 4. **VACANT SEATS ON COMMITTEES**

**Submitted by:** Member Services Manager – James McLaughlin

**Portfolio:** Customer Service and Transformation

**Ward(s) affected:** Non-specific

#### **Purpose of the Report**

To recommend that the Council make appointments to the Committees where positions were left vacant pending the result of the Newchapel by-election held on 4 February 2010.

### **Recommendation**

**That Council appoint to the positions left vacant pending the result of the Newchapel by-election.**

### **Reasons**

Section 15 of the Local Government and Housing Act 1989 places on Local Authorities the duty to allocate seats to political parties and sets out the principles to be followed when determining such allocation.

#### **1. Background**

1.1 Currently there are vacant seats on the Appeals Committee and the Economic Development and Enterprise Overview and Scrutiny Committee. Following the result of the Newchapel by-election, the Proper Officer can advise Council that the political balance of the Authority has not altered and, to achieve the required political balance, the Conservative Group has an entitlement to the vacant seats on these two bodies.

1.2 It is recommended that the Conservative Group make nominations for the two vacant positions and that Council appoints the nominee(s) to the vacancies.

#### **2. Legal and Statutory Implications**

2.1 The methodology employed in calculating entitlement to seats on Committees of the Council is in accordance duties placed on the Authority under Section 15 of the Local Government and Housing Act 1989.

### **5. COUNCILLOR CALL FOR ACTION**

**Submitted by: Member Services Manager – James McLaughlin**

**Portfolio: Customer Service and Transformation**

**Ward(s) affected: Non-specific**

### **Purpose of the Report**

To seek approval to change the Constitution to ensure that new powers for councillors in the Local Government and Public Involvement in Health Act and Police and Justice Act in respect of Councillor Call for Action can be introduced.

### **Recommendation**

**That the wording detailed at paragraph 2.1 be inserted into the Overview and Scrutiny Procedure Rules as a new Procedure Rule 9.**

### **Reasons**

Recent legislation has brought new powers in effect that are required to be reflected with the

constitutions of local authorities which seek to empower local councillors in dealing with issues which are of concern to them and the communities that they represent.

## 1. **Background**

- 1.1 New powers for councillors were introduced in the Local Government and Public Involvement in Health Act and the Police and Justice Act called the Councillor Call for Action. These came into effect in April 2009 and empower all councillors to refer issues of concern related to Council functions for consideration by the relevant Overview and Scrutiny Committees of their local authorities.
- 1.2 The Councillor Call for Action seeks to 'strengthen' the role of the ward councillor. It provides a process whereby issues of local concern can be raised by ward councillors themselves as a result of their local knowledge or being made aware of an issue by local residents or other interested parties. As a last resort, and if the issues cannot be resolved through the normal channels, the ward councillor can ask for the matter to be referred to an Overview and Scrutiny Committee for further consideration. Any matters relating to the functions of the local authority can be raised through this process although some matters are excluded, for example, statutory processes relating to planning functions or issues where there are appeals procedures.
- 1.3 Section 19 of the Police and Justice Act contains provisions for a separate Councillor Call for Action process for matters relating to crime and disorder matters. However, guidance from the Home Office is that, as far as is possible, the processes should be the same. Consideration of the Councillor Calls for Action relating to crime and disorder matters should be undertaken by the Council's crime and disorder committee – the Cleaner Greener and Safer Communities Overview and Scrutiny Committee.

## 2. **Issues**

- 2.1 In order for councillors to make use of the Councillor Call for Action, it will be necessary for the Council to amend the Constitution accordingly. The Overview and Scrutiny Co-ordinating Committee has recommended that the Council amends the Overview and Scrutiny procedure rules detailed at Appendix 6 of the Borough Council's Constitution, with the following being inserted as a new procedure rule 9:

### 9. *Councillor Call for Action*

- 9.1 *Any councillor may, by giving notice to the Chief Executive (or his/her representative) using the form provided, initiate a Councillor Call for Action relating to a local government matter that is not an excluded matter and where other routes to resolve the issue have not succeeded.*
- 9.2 *A Councillor Call for Action can only be initiated where:*
  - (i) *it relates to the discharge of any of the Council's functions;*
  - (ii) *it relates to a matter which affects the ward of the councillor initiating it;*
  - (iii) *it does not relate to individual planning decisions, licensing decision or matters where the affected person or body has a statutory right of appeal;*
  - (iv) *it does not relate to any matter which is vexatious, discriminatory or not reasonable to be included on the agenda for an Overview and Scrutiny Committee meeting.*

- 9.3 *The Chief Executive (or their representative) will consult the Chair of the relevant Overview and Scrutiny Committee to determine whether the request meets the criteria for a Councillor Call for Action.*
- 9.4 *Where the request does not meet the criteria for a Councillor Call for Action, the Chief Executive (or their representative) will inform the councillor making the request of the decision. Where the request does meet the criteria for a Councillor Call for Action, the Chief Executive (or their representative) will arrange for the matter to be included on the agenda for the next available meeting of the relevant Overview and Scrutiny Committee.*
- 9.5 *Where a Councillor Call for Action is included on the agenda for an Overview and Scrutiny Committee, the committee will consider whether to include the subject of the Councillor Call for Action on its work programme. The councillor making the request may address the committee before it is considered. If the committee decides not to include the subject of the Councillor Call for Action on its work programme, it will provide the councillor initiating the request with the reasons for its decision.*
- 2.2 If the Council agrees to this proposal, the above will become Overview and Scrutiny procedure rule nine, with the existing procedure rule 9 become procedure rule 10 and so on.
3. **Legal and Statutory Implications**
- 3.1 As explained elsewhere within the report, the Councillor Call for Action is an idea which came into effect through the Local Government and Public Involvement in Health Act 2007 and the Police and Justice Act 2006. The Council is required to implement the provisions relating to Councillor Call for Action to empower ward councillors as indicated earlier in this report.
4. **Earlier Cabinet/Committee Resolutions**
- 22 July 2009 – Overview and Scrutiny Co-ordinating Committee – 238/10
5. **Background Papers**
- Police and Justice Act 2006  
 Local Government and Public Involvement in Health Act 2007  
 The Overview and Scrutiny (Reference by Councillors) (Excluded Matters) (England) Order 2008  
 Councillor Call for Action Best Practice Guidance – Centre for Public Scrutiny (February 2009)  
 Guidance for the Scrutiny of Crime and Disorder Matters – Home Office (May 2009)

6. **ESTABLISHING A CRIME AND DISORDER OVERVIEW AND SCRUTINY COMMITTEE**

**Submitted by:** Member Services Manager – James McLaughlin

**Portfolio:** Customer Service and Transformation/Safer and Stronger Communities

**Ward(s) affected:** Non-specific

**Purpose of the Report**

To amend the Constitution to implement the legislative requirement to establish a Crime and Disorder Committee.

**Recommendations**

(a) That the Cleaner Greener and Safer Communities Overview and Scrutiny Committee be designated the Council's crime and disorder overview and scrutiny committee, with the meaning of Section 19 of the Police and Justice Act 2006.

(b) That this change be reflected in the relevant parts of the Constitution.

**Reasons**

The Police and Justice Act 2006 requires all local authorities to designate a crime and disorder scrutiny committee. This report recommends that the Council responds to that requirement by designating the Cleaner Greener and Safer Communities Overview and Scrutiny Committee as that body.

1. **Background**

- 1.1 The Police and Justice Act 2006 (Section 19) requires every local authority to have a crime and disorder committee with the power to review or scrutinise decisions made or other action taken in connection with the discharge by responsible authorities of their crime and disorder functions. The Regulations relating to this section of the Police and Justice Act came into force on 30 April 2009.
- 1.2 The Overview and Scrutiny Co-ordinating Committee considered this requirement at its meeting on 22 July 2009 (minute 239/10 refers) and agreed that the Cleaner Greener and Safer Communities Overview and Scrutiny Committee should fulfil this role. The Committee also resolved that a further report should be submitted to Council detailing the constitutional amendments required by the legislative change – this report fulfils that request.
- 1.3 In its crime and disorder role, the Committee will be a 'critical friend' of the community safety partnership, providing it with constructive challenge at a strategic level.

2. **Issues**

- 2.1 The Home Office has published guidance on the scrutiny of crime and disorder matters and on implementing Sections 19 and 20 of the Police and Justice Act 2006.
- 2.2 The guidance says that the basic role of a crime and disorder committee will be to:

- consider (crime and disorder) related Councillor Calls for Action (CCfA) that arise through the Council's existing CCfA process;
  - consider actions taken by the responsible authorities on the community safety partnership; and
  - make reports or recommendations to the local authority with regard to those functions (in practice, the nature of the committee's work should mean that recommendations will be directed to responsible partners as well)
- 2.3 The crime and disorder committee is required to meet at least once a year and it will need to consider which community safety issues to include in the work programme.
- 2.4 The requirements of Section 19 of the Police and Justice Act apply to both county and district local authorities. The Home Office guidance suggests that county and district councils should work together to develop a joint approach to the scrutiny of community safety issues. This is happening in Staffordshire with initial discussions taking place between scrutiny colleagues from all the districts and the County Council.
- 2.5 The Overview and Scrutiny Co-ordinating Committee has tasked the Cleaner Greener and Safer Communities Overview and Scrutiny Committee with developing a protocol outlining the mutual expectations of Overview and Scrutiny and partners of the Newcastle Safer Communities Partnership.
- 2.6 The County Council is currently consulting on the draft protocol for use with community safety partners. Once the County Council has agreed a way forward, it is recommended that the Borough Council explores how it can be moulded to best fit the needs of the Council and other partners in the Borough.

### 3. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 3.1 Regular review and updating of the Constitution ensures that the Council is able to operate effectively and efficiently and supports the delivery of the corporate priorities.

### 4. **Legal and Statutory Implications**

- 4.1 The Council is required to have a written Constitution under the Local Government Act 2000, which must be kept up-to-date. This document is expected to include a copy of the Council's procedure rules, codes of conduct and such other information, as each local authority considers appropriate.

### 5. **Earlier Cabinet/Committee Resolutions**

22 July 2009 – Overview and Scrutiny Co-ordinating Committee – 239/10

### 6. **Background Papers**

The Police and Justice Act 2006  
 The Crime and Disorder (Overview and Scrutiny) Regulations 2009  
 Guidance for the Scrutiny of Crime and Disorder Matters – England (Home Office Publication, May 2009)

## **7. TREASURY MANAGEMENT STRATEGY 2010/11**

**Submitted by:** Head of Finance

**Portfolio:** Resources and Efficiency

**Ward(s) affected:** All Indirectly

### **Purpose of the Report**

To approve the Treasury Management Strategy for 2010/11, including the Prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

### **Recommendations**

- (a) That the Treasury Management Strategy Report for 2010/11 be approved.**
- (b) That the Prudential Indicators contained within the report be approved.**
- (c) That the amended CIPFA Treasury Management Code of Practice 2009 be adopted.**
- (d) That the revised Treasury Management Policy Statement be adopted.**

### **Reasons**

The Council needs to have an approved Treasury Management Strategy for 2010/11 in place before the start of the 2010/11 financial year.

At the Council meeting of 24 June 2009 it was resolved that the strategy be scrutinised by the Transformation and Resources Overview and Scrutiny Committee before being submitted for approval by Full Council. The strategy was scrutinised by the Transformation and Resources Overview and Scrutiny Committee on 16 November 2009.

## **1. Background**

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued a revised Treasury Management Code of Practice and Treasury Management Policy Statement. The key areas emphasised under the revised Code of Practice are already in place within the Council. The key areas emphasised under the revised Code of Practice are included as Appendix 'C' (yellow paper). The revised Treasury Management Policy Statement is included as Appendix 'D' (salmon paper).
- 1.2 The Code of Practice requires a report to be prepared and approved by the Council concerning the strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2010/11.
- 1.3 The Local Government Act 2003 and Regulations thereto specify that local authorities must have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities in setting their affordable borrowing limits. This is to be achieved by setting a number of "prudential indicators" covering various aspects of treasury management. Accordingly, the appropriate prudential indicators have been incorporated in the relevant sections of the Treasury Management Strategy Report.

- 1.4 In addition the Office of the Deputy Prime Minister (now the Department of Communities and Local Government) have issued “Guidance on Local Authority Investments” under powers contained in Section 15 (1) (a) of the Local Government Act 2003. The Act states that local authorities must have regard to this guidance. The Guidance recommends that an Annual Investment Strategy, setting out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments is produced and approved by the Full Council.

2. **Issues**

- 2.1 The Strategy Report for 2010/11 is attached at Appendix ‘E’ (grey paper).
- 2.2 The proposed prudential indicators relating to treasury management are contained in the report.
- 2.3 The Investment Strategy for 2010/11 is contained in Annex A to the report.
- 2.4 Details of the methodology involved in the production of the counterparty listing are contained in Annex B to the report.
- 2.5 The Minimum Revenue Provision Strategy for 2010/11 is contained in Annex C to the report.
- 2.6 The key areas emphasised in the amended CIPFA Treasury Management Code of Practice are attached as Appendix ‘C’ (yellow paper).
- 2.7 The revised Treasury Management Policy Statement is attached as Appendix ‘D’ (salmon paper).

3. **Legal and Statutory Implications**

See Background for details.

4. **Financial and Resource Implications**

There are no specific financial implications arising from the strategy report.

5. **Major Risks**

- 5.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with. It is also necessary to ensure that there is no danger of the Council’s invested funds being lost owing to placing them with insecure counterparties.
- 5.2 The overriding consideration in determining where to place the Council’s surplus funds is to safeguard the Council’s capital. Within this constraint the aim is to maximise the return on capital.
- 5.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

6. **List of Appendices**

Appendix ‘C’ (yellow paper), Key areas emphasised in the revised CIPFA Treasury Management Code of Practice.  
Appendix ‘D’ (salmon paper), Treasury Management Policy Statement.

Appendix 'E' (grey paper), Treasury Management Strategy Report.

7. **Background Papers**

CIPFA Treasury Management Code of Practice;  
Council's Treasury Management Policy Statement,  
CIPFA Prudential Code for Capital Finance in Local Authorities and guidance notes thereto,  
Local Government Act 2003,  
Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,  
Guidance on Local Authority Investments issued by the Office of the Deputy Prime Minister  
(now the Department of Communities and Local Government) in March 2004.

8. **REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2010/11**

**Submitted by:** Executive Director – Regeneration and Development

**Portfolio:** Resources and Efficiency

**Ward(s) affected:** All

A report on this matter will be circulated prior to your meeting.

## **SUPPLEMENTARY REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL**

**24 February 2010**

### **9. STATEMENT OF THE LEADER OF THE COUNCIL TO FULL COUNCIL – 24<sup>TH</sup> FEBRUARY 2010**

**Submitted by:** Councillor Simon Tagg

**Portfolio:** All

**Wards affected:** All

#### **Purpose of the Report**

To provide an update to Members on the activities and decisions of Cabinet together with the Forward Plan.

#### **Recommendation**

**That the statement of the Leader of the Council be received and noted.**

#### **Reasons**

To update Council Members on the activities and decisions of the Cabinet and to allow questions and comments on the Statement to the relevant Portfolio Holders.

#### **1. Background**

- 1.1 Since the last Full Council meeting on 16 December 2009 Cabinet has met three times, on 13 January, 20 January (Special Cabinet) and 17 February. Below is a summary of decisions and actions taken along with a link to the Forward Plan covering the next 3 month period. (For further background to the Cabinets Decisions please refer to the Cabinet agendas of 13 January, 20 January and 17 February 2010).

#### **2. Communications Review**

- 2.1 The Reporter newspaper generated £17,089 from commercial advertising, £5,000 from partners and £13,600 from in-house sources from November 2008 to November 2009. Advertising is due to be introduced on the council's website by this April and this new move is expected to bring in more than £7,000 a year once a customer base is established.
- 2.2 Overall the Communications Department will save in the coming year £62,500 with a further £16,000 identified for future years.

#### **3. Energy Efficiency & Climate Change Strategy**

- 3.1 Two measures have been agreed which will help energy efficiency and carbon reduction. A corporate environmental sustainability policy and draft energy efficiency and climate change strategy have now been approved. The strategy will deliver cost reductions to the Council through making energy efficiencies, reducing carbon dioxide levels from Council buildings and increasing the resilience of Council buildings and operations. Residents will be made aware of how they can reduce their own carbon footprint and action will be taken to reduce carbon dioxide emissions from houses and business premises. Powers will be used to ensure that energy efficiency and carbon reduction measures are included when land and

buildings are developed.

4. **Town Centre Business Regeneration**

- 4.1 A plan to revitalise Newcastle market by replacing and relocating stalls has been agreed. "Like for like" replacement stalls will be installed at the earliest opportunity. The market will now be located in High Street from Hick Street to Lancaster Buildings and a pedestrianised Hassell Street, from Market Lane to Friars Street. There are also plans for a daytime taxi rank in lower High Street. The Council has pledged to spend a total of £350,000 on the scheme, with a further £150,000 earmarked for the first phase of the refurbishment of Newcastle's former St. Giles' and St. George's School.

5. **Investors in People Accreditation**

- 5.1 The Council has now gained Investment in People Accreditation. This national standard seeks to encourage organisations to develop all their staff. To gain this standard the Council has introduced initiatives around flexible working, skills for life, performance appraisals and the work force development plan, as well as a competency framework and capability and policy procedure.

- 5.2 This is a recognition of the organisation's desire for excellence and a credit to all concerned.

6. **Transformation Programme**

- 6.1 Cabinet approved the setting up of a Transformation Programme Management Board to oversee further improvement of the Council. This will focus on putting the customer (residents) first, improving the organisation's use of IT, further improve efficiency and will embed further cultural change in the organisation.

7. **The Future of Leisure & Cultural Services in Newcastle**

- 7.1 The Council is to look at better ways to deliver discretionary services. A Task & Finish Group will be set up chaired by the Portfolio Holder for Culture and Active Communities to consider options for the management of all or part of Leisure and Cultural services.

8. **Forward Plan**

The Forward Plan covering the period 1 February 2010 to 31 May 2010 can be found at:  
[http://www.newcastle-staffs.gov.uk/council\\_content.asp?id=SXA618-A780A454&cat=1400](http://www.newcastle-staffs.gov.uk/council_content.asp?id=SXA618-A780A454&cat=1400)

**Councillor S. Tagg**  
**Leader of the Council**

## 10. **REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2010/11**

**Submitted by:** Executive Director (Resources and Support Services)

**Portfolio:** Resources and Efficiency

**Wards(s) affected:** All

### **Purpose of the Report**

This report sets out the recommendations of Cabinet for the Revenue and Capital Budgets for 2010/11 and later and sets out the recommendations for setting the 2010/11 Council Tax.

### **Recommendation**

That the Council approve the recommendations set out in Appendix 'F' (salmon paper).

## 1. **Background**

- 1.1 This report is the culmination of the budget process, which commenced as soon as the current 2009/10 budget was set. The Cabinet and the Transformation and Resources Overview and Scrutiny Committee have already considered the content of the 2010/11 Budget together with detailed reports concerning Council Tax options and the consequential overall budget level and the resultant Council Tax which is recommended. At its meeting on 17 February 2010 the Cabinet considered the comments of the Transformation and Resources Overview and Scrutiny Committee of 20 January. After considering the various comments made the Cabinet recommend a Council Tax for this Council in 2010/11 of £176.93 (based on Band D), which is equivalent to an increase of 1.5%, supporting a net Revenue Budget after use of reserves of £17,866,650.

## 2. **General Fund Budget 2009/10 – Projected Out-turn**

- 2.1 Monthly reports monitoring actual spending against budget have shown there to have been an adverse variance throughout the first nine months of the year although the size of this has steadily reduced over the period, to around £76,000 as at the end of December.
- 2.2 Pressures affecting the current budget include some sources of income (e.g. land charges fees, planning fees, market stall rents, commercial property rents) which are yielding less compared to what would be expected to be received. The major part relates to land charges fees where the shortfall amounts to around £171,000 for the nine months. All of these are areas that we predicted would be affected by the current economic situation when the 2009/10 Budget was set in February 2009 and accordingly an allowance of £300,000 was included in the budget to cover such eventualities. In addition investment income has decreased due to a fall in interest rates obtainable within the current economic climate.
- 2.3 There are, however, a number of positive factors, summarised below, which offset the pressures outlined above:
- Generally, the economic environment is improving and there are signs that income may revive partially in the latter part of the year;
  - There have been some sources of income which have significantly exceeded the budgeted amounts, for example in respect of sales of recyclates and recycling credits;

- Employee costs have been contained within the budget, mainly due to the pay settlement for 2009/10 being at near to 1% rather than the 2% allowed for in the budget, together with the existence of a number of vacant posts and consequent savings arising;
- No major adverse variances in respect of expenditure budgets.

2.4 Taking account of the above factors it appears likely that the outturn for 2009/10 will not differ significantly from the budget.

### 3. **Revenue Budget 2010/11**

3.1 Excluding levies for Town and Parish Councils the recommended Borough Council Tax for a 'Band D property' is £176.93, an increase of 1.5% over 2009/10. The position in relation to the Borough Council's part of the tax is as set out below:

	<b>Estimated Expenditure £</b>	<b>Rate of Council Tax (Band D) £ p</b>
Borough Council requirements –		
Total Net Expenditure	17,866,650	464.70
Less: External Support	<u>11,079,090</u>	<u>288.16</u>
	6,787,560	176.54
 Collection Fund Deficit 2009/10	 <u>15,150</u>	 <u>0.39</u>
	<u>£6,802,710</u>	<u>£176.93</u>

Appendix 'G' (yellow paper) sets out the budget summarised over services. Copies of detailed budgets are available on request.

In addition to the basic Council Tax it will be necessary to levy additional charges in the following parishes. The precepts are shown below:

<u>Parish</u>	<u>Rate of Council Tax (Band D) £ p</u>
Audley	17.53
Betley, Balterley and Wrinehill	17.38
Chapel and Hill Chorlton	8.63
Keele	18.32
Kidsgrove	14.85
Loggerheads	21.60
Madeley	72.85
Maer	19.01
Silverdale	7.56
Whitmore	16.00

The above levies are based on the requirements supplied by the parishes, all of which have forwarded their official precept demands to the Council.

### 4. **Medium Term Financial Strategy and Budgets for 2010/11**

4.1 Members will recall that the Council's Medium Term Financial Strategy (MTFS) forecast a budget shortfall of £2.389m for 2010/11, with additional shortfalls of £1.370m for 2011/12, £1.984m for 2012/13, £0.747m for 2013/14 and £0.721m for 2014/15. Officers are

examining the implications of this for future budgets and will carry out an update of the MTFS and report to Cabinet early in the new financial year to enable members to consider a budget strategy to bridge the predicted gap. Details of areas already being explored were contained in the report to Cabinet on 20 January 2010.

- 4.2 The 'gap' between expenditure and resources for 2010/11 of £2.389m is made up of £1.866m of changes to the base budget together with investments in Council priorities of £523,000. Details of these are given in the tables below:-

<b><u>CHANGES TO BASE BUDGET</u></b>	
<b>ADDITIONAL INCOME</b>	<b>£'000</b>
Revenue Support Grant/Business Rates	198
Fees and Charges	143
<b>TOTAL ADDITIONAL INCOME (A)</b>	<b>341</b>
<b>ADDITIONAL EXPENDITURE &amp; BUDGET PRESSURES</b>	
Pay Awards	179
Incremental Rises	152
Superannuation increase in employers contribution	160
Price Increases e.g. energy, transport	160
Supplies and Services	39
Loss of Investment Interest	715
Loss of rent at Knutton Depot	250
Other changes	(150)
<b>TOTAL ADDITIONAL EXPENDITURE &amp; BUDGET PRESSURES (B)</b>	<b>1,505</b>
<b>USE OF BUDGET SUPPORT FUND IN 2009/10 BUDGET (C)</b>	<b>702</b>
<b>NET INCREASE IN BASE BUDGET (B+C-A)</b>	<b>1,866</b>

- 4.3 The MTFS included a number of areas where there were commitments to make additional investment in order to progress Council priorities. All these investments have been incorporated in the 2010/11 budget, as set out in the table below:

<b><u>REVENUE INVESTMENTS IN COUNCIL PRIORITIES</u></b>	<b>£'000</b>
<b>Creating a Cleaner, Safer and Sustainable Borough</b> New Waste and Recycling Strategy	340
<b>Creating a Borough of Opportunity</b> Homelessness, Housing Advice, Allocations and Lettings Contract – full year effects of the new contract	80
<b>Creating a Healthy and Active Community</b> New Cemetery at Keele	20
<b>Transforming our Council to Achieve Excellence</b> Kidsgrove Customer Services Centre	83
<b>TOTAL REVENUE INVESTMENTS IN COUNCIL PRIORITIES</b>	<b>523</b>

- 4.4 In addition to the above revenue investments the Council also has an ambitious medium term capital programme. Details of this can be found in section 6 of this report but the main areas of investment to which resources have been allocated are:

<b><u>MAJOR CAPITAL INVESTMENTS IN COUNCIL PRIORITIES</u></b>	<b>£M</b>
<b>Creating a Cleaner, Safer and Sustainable Borough</b> Waste management strategy – additional containers for the extension of the garden waste service and the introduction of the food waste collection service	0.9
<b>Creating a Borough of Opportunity</b> Housing Investment Programme Lancaster Buildings refurbishment Town Centre Initiatives – market stalls; public realm works and St.Giles and St.George's School plus funding from the New Initiatives Fund to support the development of a Business Improvement District for the Town Centre	6.7 2.3 0.5
<b>Creating a Healthy and Active Community</b> Health and Wellbeing Centre New cemetery at Keele	11.2 1.9
<b>TOTAL MAJOR CAPITAL INVESTMENTS IN COUNCIL PRIORITIES</b>	<b>23.5</b>

- 4.5 In order to address the 'gap' or shortfall of £2.389m identified in paragraph 4.1 an extensive exercise has been undertaken by Senior Managers and Cabinet Members over the last few months to identify a number of Budget Focus Areas (BFAs) which will generate efficiencies and savings.

#### **4.5.1 Income generation from marketing strategy (£100,000)**

The Council receives more income from fees, charges and rents than it does from council tax. It is felt that better marketing of services can yield additional income, for example in respect of leisure, museum and trade refuse services. It is proposed that this is centrally co-ordinated with the creation of up to two posts on a short term basis. Actual income to be generated will cover these additional costs plus a net target of £100,000 will be set for 2010/11. To put this in perspective 1% additional income represents £76,000 based on current income budgets.

#### **4.5.2 Management of vacant posts, modernisation and transformation of the council (£440,000)**

Full reviews of all vacant posts have been undertaken. The Council has commenced a modernisation programme – this has initially included lean systems reviews of services such as planning. This involves reviewing all processes and eliminating those that add no value. Other initiatives undertaken have included a review of all administrative services which has resulted in savings from better use of technology, centralisation of certain functions and the cessation of overly bureaucratic processes. Furthermore, there are certain services whereby workload has decreased significantly due to the current economic situation meaning there are no business cases for the filling of certain posts.

In total it is proposed to temporarily “freeze” 16 posts predominantly in back office support services. The effects on service delivery and on other employees within these sections will be carefully monitored. However, a number of these posts have been vacant for some time and to date no significant problems have been encountered.

#### **4.5.3 Review of overtime budgets (£50,000)**

A review of overtime budgets has identified savings of £50,000. This will be found from a combination of a change of working practices together with budgets that are not currently utilised.

#### **4.5.4 Centralisation of the council's training budgets (£50,000)**

It is proposed to centralise the co-ordination of the delivery of the Council's training programme. This will result in economies of scale, resources being targeted at priority areas and more cost effective methods of delivery being procured therefore ensuring improvements in both the quantity and quality of the training being delivered.

#### **4.5.5 Review of stationery and other day to day expenses (£20,000)**

Work is on-going to generate efficiencies in respect of the ordering of stationery together with a review of current printing requirements, for example in respect of the production of agendas for council and committee meetings.

#### **4.5.6 Waste and Recycling Efficiencies (£550,000)**

The Council has undertaken to invest in a new waste and recycling strategy – this has been the subject of a number of reports to the Cabinet over the last few months. A sum of £340,000 is to be invested in the new strategy funded by efficiencies identified following extensive reviews of the whole service. Efficiencies of £550,000 are to be made as follows – details were contained in the report approved by Cabinet on 29 July 2009:

Vehicle procurement and garage servicing	£205,000
Trade waste service	£220,000
Clinical waste	£45,000
Waste transfer station	£50,000
Green waste collection	£30,000

#### 4.5.7 **Chesterton Sports Centre (£160,000)**

Cabinet agreed at its meeting on 2 December 2009 to withdraw from the joint use management operation at Chesterton Community Sports Centre but resolved that officer support be provided to the Chesterton Community Sports College in its transition to self management. Cabinet also recognised its obligations to existing staff and Active8 members in identifying alternative facilities for their use.

#### 4.5.8 **Review of events expenditure (£20,000)**

It is proposed to reduce the events budget by £20,000. A detailed review of all expenditure is being undertaken. Furthermore, it is felt that for certain events contributions of income should be sought from other partners.

#### 4.5.9 **Review of accommodation and energy efficiency (£35,000)**

A detailed review of administrative accommodation requirements is underway to identify savings or surplus space which could be rented to other organisations. Also, a target of reducing all energy expenditure by 10% will be set for 2010/11.

#### 4.5.10 **Income budgets affected by the economic downturn (£100,000)**

As detailed in paragraph 2.2 a sum of £300,000 was included in the 2009/10 budget to cover reductions in income from services affected by the current economic situation. Generally, the economic environment is improving and it is felt that by the middle to latter part of the 2010/11 financial year certain income streams may increase again. Therefore, it is proposed to only set aside a sum of £200,000 in the 2010/11 budget for reductions in income.

The total savings identified from the budget focus areas outlined above is £1,525,000.

- 4.6 In addition to the above Budget Focus Areas, further savings of £296,000 have been identified as follows:

Strategy	Amount £'000	Notes
Area Based Grant	104	It was originally assumed that this grant would be much reduced. However, the allocation eventually received proved to be greater than anticipated.
Recycling Credits	100	Activity and resulting credits paid has been increased.
Capitalisation of CCTV costs	30	Included in the Revenue Budget is a sum of £105k for CCTV improvements. Approximately £30k of this will be for new equipment that can be charged to capital.
Collection Fund	20	The estimated deficit on the Collection Fund has decreased resulting in a lower contribution being required from the Council.

Homelessness	15	Reduction in Homeless accommodation costs regarding bed and breakfast.
Customer Services	7	Reduction in telephone costs due to a change in contract.
Miscellaneous	20	Savings in equipment maintenance costs and leasing arrangements.
<b>TOTAL</b>	<b>296</b>	

## 5 **Balances and Reserves**

- 5.1 The Council's Balances and Reserves Strategy currently states that there should be a minimum General Fund balance of £1.75m and a Contingency Reserve of £100,000. The Council currently holds these reserves. Appendix 'H' (pink paper) sets out the estimated balances on the Council's reserves as at 31 March 2010.
- 5.2 Based on these minimum levels of reserves being sustained the Executive Director (Resources and Support Services) is of the opinion that the Revenue Budget is robust and that the Council's Revenue Reserves are adequate to support it.
- 5.3 It is proposed to use £468,000 from the Budget Support Fund to support the 2010/11 Budget.
- 5.4 Therefore, the total budget shortfall of £2.389m highlighted in paragraph 4.1 will be funded as follows:

	Amount £'000	Report Reference
Budget Focus Areas	1,525	4.5
Other Savings	296	4.6
Use of Budget Support Fund	468	5.3
Council Tax Increase (based on 1.5%)	100	1.1/3.1
<b>TOTAL</b>	<b>2,389</b>	

- 5.5 It is also proposed to transfer £400,000 from the Contingency Reserve to the Repairs and Renewals Fund. This is required due to the amount of the contributions to the reserve being frozen over the previous 4 years and the increase of wear and tear on the Council's ageing buildings.

## 6 **Consultation**

- 6.1 The preparation of the budget has continued to be informed by the results of the Simalto survey. It was designed to make the Council aware of the public's view of levels of service and their preferences with regard to the budget provision to be made for different services. This exercise also assisted in the formulation of the Council's corporate priorities. Further opportunity was given to the public to comment on the budget via an article and questionnaire in the Reporter circulated to every household within the Borough, and via the Council's website.

- 6.2 The Medium Term Financial Strategy and the budget proposals have also been considered by the Transformation and Resources Overview and Scrutiny Committee at their meetings on 21 October 2009 and 20 January 2010.

7. **Risks**

- 7.1 Appendix 'I' (cream paper) shows the risk assessment in relation to the 2010/11 General Fund Revenue Budget.

8. **Capital Programme 2009/10 – 2011/12**

- 8.1 The Capital Programme 2009/10 – 2011/12, recommended by Cabinet, is attached at Appendix 'J' (lavender paper), together with a summary of the proposed financing of the Programme. This contains projects directed towards meeting the Council's corporate priorities, as reflected in its Capital Strategy. The revenue consequences of the Capital Programme have been incorporated in the 2010/11 Revenue Budget.

- 8.2 The Chartered Institute for Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance, which the Council has adopted, requires the calculation of a Prudential Indicator in relation to the capital programme. This is to demonstrate the incremental impact of capital investment decisions upon the council tax, in other words what the additional cost to the General Fund Revenue Account will be as a result of carrying out the projects contained in the proposed capital programme, compared to the situation which existed based on the programme approved at last year's council tax setting Council meeting. The Indicator shows that the incremental impact is estimated to be £24,000 (in a full year once the projects are complete and operational), which equates to a council tax levy of £0.62, using the current council tax base for calculation purposes. This is based on additional capital expenditure of £876,745 (net of grants and contributions) and the loss of interest resulting from the use of capital receipts or reserves plus estimated running costs which may apply in some cases. Provision has been made in the 2010/11 budget for the cost of funding the capital programme in terms of reduced interest as a result of using capital receipts and reserves arising from the profiled capital spend.

9. **List of Appendices**

Appendix 'F' Recommendations (salmon paper)  
Appendix 'G' Revenue Budget 2009/10 (yellow paper)  
Appendix 'H' Estimated Reserves at 31 March 2010 (pink paper)  
Appendix 'I' Risk Assessment (cream paper)  
Appendix 'J' Capital Programme 2009/10 to 2011/12, including financing of expenditure (lavender paper)

**APPENDIX 'A'**  
**(Blue Paper)**

**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, Executive Management Team, Service 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 their staff have access to the Regulations, either via the Council's Intranet or, where appropriate, through the provision of hard copies.
- 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 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.

**NEWCASTLE UNDER LYME BC FINANCIAL REGULATIONS: FEBRUARY 2010**

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

<b>Ref.</b>	<b>KEY REGULATIONS</b>	<b>RELATED PROCEDURAL REGULATIONS</b>	<b>Ref.</b>
<b>A</b>	<b>FINANCIAL MANAGEMENT includes:</b>		
A1-A12	The Full Council The Cabinet Scrutiny Committees 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 Service) 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>B</b>	<b>FINANCIAL PLANNING includes:</b>		
B1-B3	Policy framework Preparation of the Corporate and 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-Bd23
B19	Guidelines on budget preparation		
<b>C</b>	<b>RISK MANAGEMENT AND CONTROL OF RESOURCES includes:</b>		
C1-C3	Risk Management	Risk Management Insurances	Ca1-Ca3 Cb1-Cb3

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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	Cl1-Cl5 Cn1-Cn4
C17-C20	Staffing	Staffing	C01-Co3
C21	Gifts and Hospitality		
<b>D</b>	<b>SYSTEMS AND PROCEDURES includes:</b>		
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 Completion of 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-Dq24 Dr1-Dr2 Dr3-Dr4 Dr5-Dr9

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		Goods and materials contracts General Variations to contracts Paying for work, supplies & services	Dr10 Dr11-Dr12 Dr13-Dr15 Ds1-Ds15
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
<b>E</b>	<b>EXTERNAL ARRANGEMENTS: includes</b>		
E1-E5	Partnerships	Partnerships	Ea1-Ea4
E6	External funding	External funding	Eb1-Eb2
E7	Work for third parties	Work for third parties	Ec1-Ec2

**MONETARY AMOUNTS**

Ref.		Amount
Ad1-A	<b>Virement</b> 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	<b>Financial management</b> Amount over which the Executive Director (Resources and Support Services) needs involved with negotiations and/or agreements/ arrangements	£50,000
B13	<b>Variances</b> Significant variances are those which are greater than:  All variances must be investigated if in excess of:	The larger of 10% of the budget c £2,000 £15,000
B14	<b>Benefits Management Model</b> Estimated cost of improvement project above which the model must be employed	£20,000
B15	<b>Capital Appraisals</b> 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, agreement of the Executive Director (Resources and Support Services)	£5,000,000
Ch1	<b>Inventories</b> Level above which items should be included on an inventory	£50
Ci8	<b>Stock levels (amounts which may be written off)</b> (a) Executive Director (Resources and Support Services)	Below £1,000
	(b) Cabinet	Above £1,000
Cm2	<b>Petty Cash</b> Amounts to be paid out of Petty Cash - Not to exceed	£100
Cn3	<b>Banking arrangements</b> 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	<b>Payment by Credit and Debit cards</b> Authorisation required through the bank terminal for amounts above: (a) Credit cards (b) Debit cards	£10 £50
Dh7	<b>Payment by Credit and Debit cards</b> Limit above which Credit card payments are acceptable	£10
Dj4	<b>Banking</b> Amount above which money is to be banked without delay	£500
Dk3	<b>Records</b> Amount above which schedules of amounts outstanding where a debtors account has raised need supplying to the Executive Director (Resources and Support Services)	£100
D12	<b>Issue of debtors accounts</b> Amount below which it is considered uneconomic to raise an account	£40
Dn1	<b>Write offs of Debtors Accounts</b> (a) Approval from the Executive Director (Resources and Support Services) below (b) Approval from Cabinet above	£2,500 £2,500
Dq18	<b>Ordering of work, supplies and services</b> (a) <b>Low value procurement:</b> Where alternative prices are available for the level of estimated cost and a minimum of two written quotations is required; (b) <b>Intermediate value procurement:</b> Where alternative prices are available for the level of estimated cost and a minimum of three written quotations is required. <b>High value procurement:</b> The estimated cost above which Financial Regulations Standing Orders relating to contracts shall apply.	£3,000 < £30,000 £30,000 < £50,000 > £50,000

## NEWCASTLE UNDER LYME BC FINANCIAL REGULATIONS: FEBRUARY 2010

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Dq22	The amount above which Standing Orders and Financial Regulations in relation to d applies to orders of a repetitive nature when totalled	£50,000
Ds12	<b>Paying for work, supplies and services.</b> Amount above which schedules of accounts need supplying to the Executive Direct (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 Committees**

- A9 The Scrutiny Committees shall be responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding the Cabinet to account. The Scrutiny Committees 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. It shall also receive and approve the Council's Statement of Accounts and receive risk management reports and ensure that corporate business risks are being actively managed.

**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 Committees 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 Audit and Risk Committee shall approve the statement of accounts 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 Corporate Plan, Sustainable Community Strategy, Performance Plan, Capital Strategy, General Fund Revenue Budget and the Capital 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 Sustainable Community Strategy and Performance Plan**

- B2 The Chief Executive is responsible for proposing a Sustainable 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 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 five 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 October 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 five 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 Sustainable 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 Transformation and Resources Overview and 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 based on the assumptions contained in the relevant Medium Term Financial Strategy approved by the Cabinet and 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 Audit and Risk Committee 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 Revenue and Customs, 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 clauses contained in CIPFA's "Treasury Management in the Public Services: Code of Practice" (the Code), as described in Section 5 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, objectives and approach to risk management 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 of the Council's treasury management policies and practices.
- C14 The Audit and Risk Committee shall be responsible for the regular monitoring of the Council's treasury management policies and practices and shall receive a mid-year review of treasury management activities.
- C15 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.
- C16 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.
- C17 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**

- C18 The Full Council shall be responsible for determining how employee support for executive and non-executive roles within the Council will be organised.
- C19 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.
- 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 Head of Human Resources 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 Head of Human Resources 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 Head of Central Services.
  - (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 must always be outlined in the text and agreed with the Executive Director (Resources and Support Services) in advance. All reports to be considered for inclusion in agendas must be signed off by the Executive Director (Resources and Support Services) or Head of Finance to evidence that their financial content has been approved by them. If this is not done, the report will not be placed on the agenda by the Committee Section.*

*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 or 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 must be 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. A list of documents and the periods they must be kept for is available on the Intranet or from Internal Audit.*

#### **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 final accounts and the statement of accounts must be kept and 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). All data that he requests in order to produce the final accounts and the statement of accounts must be supplied promptly to the Executive Director (Resources and Support Services).*

#### **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 Heads of Service shall
- (a) supply to the Head of Performance and Transformation 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 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, based on the Medium Term Financial Strategy assumptions, 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 significant 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 Regulation 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 Head of Central Services.
- 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. Directors shall notify the Executive Director (Resources and Support Services) of all such efficiency savings made or proposed to be made to assist in the calculation of the efficiency savings indicator NI 179.
- Bb19 Within their areas of responsibility Directors shall designate particular named employees as Budget Holders, who possess the necessary competencies for the role, 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 and income.*

*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.

**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 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 significant 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 The Capital Programme Review Group (CPRG) monitors and reviews the capital programme. The CPRG will be chaired by the Executive Director (Resources and Support Services) and the Cabinet Portfolio Holder for Resources and Efficiency shall be a member of the Group. The CPRG shall review progress in respect of the capital programme and shall consider all proposed new projects before the Cabinet or Full Council are requested to add them to the capital programme and shall consider any revisions to the capital programme before a revised programme is submitted to Cabinet or Full Council for consideration or approval.
- Bd5 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. For schemes estimated to cost in excess of £20,000 the applicable benefits card will be appended to the report. The report 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. No such reports shall be brought to the Cabinet unless the relevant scheme has been considered and approved for submission to the Cabinet by the Capital Programme Review Group.
- Bd6 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 and to any views expressed by the Capital Programme Review Group which are reported to it.

- Bd7 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.
- Bd8 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.
- Bd9 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.
- Bd10 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 Bd6, sub paragraph a.
- Bd11 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.
- Bd12 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 inform the Executive Director (Resources and Support Services) and immediately report this occurrence to the Cabinet.
- Bd13 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 Bd10.
- Bd14 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 Head of Central Services.

- Bd15 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.
- Bd16 Directors shall ensure that adequate records are maintained in respect of all capital contracts.
- Bd17 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.
- Bd18 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.
- Bd19 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.
- Bd20 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.
- Bd21 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.
- Bd22 Upon completion of each capital scheme a report shall be made to the Cabinet of its costs and any other relevant matters. This report may take the form of a schedule of completed schemes, reported periodically to Cabinet, showing the relevant data for each individual completed scheme.
- Bd23 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 consideration and to the 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.***

- ◆ *A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by cabinet.*
- ◆ *New schemes must be submitted to the Capital Programme Review Group for appraisal prior to being submitted to Cabinet or Full Council. The Group also monitors progress against the Capital Programme.*
- ◆ *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 or Full Council 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).*

*No expenditure or income may be charged or credited directly to a reserve. All must be charged or credited initially to a revenue account with an appropriation (transfer) made from or to the reserve to meet the expenditure or transfer the income to it.*

#### **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 Audit and Risk Committee 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, comprising of at least one representative of each Director and any other individuals he may deem appropriate. The Group shall advise the Audit and Risk Committee 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 Audit and Risk Committee.
  - (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.
  - (e) Utilise the corporate IT system for risk management (currently GRACE) to record and manage their risks and shall promptly supply any data requested for its update to the Head of Performance and Transformation.
  - (f) Ensure that all inspections or programmes of work designed to identify or mitigate risks which are required by law or by the Council are carried out and evidence is retained to show that this has been done.
- 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 Head of Performance and Transformation 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 Head of Performance and Transformation 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 Head of Performance and Transformation 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 Head of Performance and Transformation 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 Head of Performance and Transformation 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 Head of Performance and Transformation;
  - (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 Head of Performance and Transformation. An employee shall not authorise work to be commenced by a Contractor until the Head of Performance and Transformation has advised such an employee that the appropriate insurances have been effected to his satisfaction.

**Explanatory note**

***The Head of Performance and Transformation is responsible for arranging insurance cover and for settling claims. It is the duty of Directors to notify the Head of Performance and Transformation 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 Executive Director (Resources and Support Services) 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 considered necessary to provide assurance 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 Executive Director (Resources and Support Services) 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, Audit and Risk Committee 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 years 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 Head of Central Services;
  - (e) ensure that they and their employees comply with the anti-fraud and anti-corruption policy and the advice provided to employees.
- Cf3 The Head of Central Services 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 Head of Regeneration and Assets 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 Head of Central Services and Head of Regeneration and Assets 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 the Government's Code of Connection (CoCo) 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 removable media supplied by external sources 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 any Council data stored on removable media is held on Council provided encrypted media in accordance with approved policies;
  - (j) ensure that in relation to all major software applications an escrow agreement is in place;
  - (k) ensure that no Council asset is subject to personal use by an employee without proper authority;
  - (l) 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;
  - (m) 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;
  - (n) pass title deeds to the Head of Central Services;
  - (o) ensure that assets are identified, their location recorded and that they are appropriately marked and insured;
  - (p) 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;
  - (q) 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 Head of Central Services.

**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 stocktakings 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 Head of Central Services 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**

- CI1 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.
- CI2 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 or the Audit and Risk Committee, 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 30<sup>th</sup> following the end of the year to which it relates. A mid-year report, reviewing treasury management activity to that point, shall be submitted to the Audit and Risk Committee.
  - (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.
- CI3 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 Head of Central Services, 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).
- CI4 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).
- CI5 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 Head of Central Services. 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 defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as "The Management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance 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 Head of Human Resources shall:
- (a) Compile and keep up to date an establishment list. 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.
  - (c) Compile and keep up to date a Human Resources Strategy, which shall be approved by the Cabinet.
- 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 (where the Council’s Absence Management Procedures must be applied), overtime, training and temporary employees (the procedures for the employment of agency staff, issued by the Head of Human Resources must be followed where such staff are to be engaged);
  - (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;
  - (f) have regard to the Human Resources Strategy;
  - (g) follow the Council’s recruitment procedures;
  - (h) apply the Council’s Capability Procedures (where these exist) in relation to individual posts and staff occupying those posts.

### **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 Policies, 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 Information Security Group are observed;
  - (e) ensure that software and computer equipment including all mobile computer equipment and telephony 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.
- Dc2 Directors shall have regard to the requirements of the Government's Code of Connection (CoCo) in relation to information security and shall take all necessary action to ensure compliance with the Code in

all respects, as notified to them by the Executive Director (Resources and Support Services) and the Head of ICT Services.

**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*

The Government has published a Code of Connection (CoCo) which all public authorities who transmit or receive data to or from central government departments must comply with. The Code sets out standards and procedures relating to information security which must be complied with, otherwise the Council will not be permitted to exchange electronic data with any government departments. It is, therefore, absolutely essential that the Council complies with the Code in all respects.

**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 Head of Central Services, 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 or Guildhall via the payment machines or the designated cashier.
- Dd7 All Directors shall ensure that employees involved in handling payments are aware of and comply with the Money Laundering Guidance.
- 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).

Dh6 A 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 unused receipts, tickets and other records of income. Used receipts, tickets and other records of income shall be held securely 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 Head of Customer Services. 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**

- DI1 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.
- DI2 Debtors accounts shall not normally be issued for amounts less than a limit to be determined by the Council. 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).
- DI3 There shall be no Cancellation of accounts except by full payment or final write off.
- DI4 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 Council, by the Executive Director (Resources and Support Services) in consultation with the appropriate Director;
  - (b) for accounts exceeding the financial limit established by the Council, 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.
- Do3 Directors shall have regard to the Charging Policy when setting fees and charges.

### **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. Revenue and Customs. 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 set by the Council 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 Revenue and Customs 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 Council, 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.*

*The Charging Policy sets out the principles to be applied in setting fees and charges and these should be followed when doing this.*

**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) 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, e.g. 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.
- Dq24 Regard should be had to the content of the Council's Commissioning Framework for the Third Sector in applicable cases.
- Dq25 Only employees of the Council may approve requisitions or orders for goods and services.

### **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 Head of Central Services 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 Regulations Dr14 and Dr15 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. This may be done via the schedule of completed schemes referred to in Financial Regulation Bd22.
- Dr8 Where completion of a contract is delayed, the Head of Central Services 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 Head of Central Services 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 Head of Central Services 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 Head of Central Services 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 Dr3b and Dr10, 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 Head of Central Services 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.*

*All invoices must be sent to the central creditors processing team, not to departments or outlying council buildings.*

*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.*

*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.*

*Only Council employees can approve requisitions or orders for goods or services. Interim or agency staff or consultants or other persons who are not directly employed may not perform this function.*

#### **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 Head of Finance;
- 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 Creditors and Purchasing Section 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 Executive Director (Resources and Support Services) 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. The Council has signed up to the government’s “Prompt Payment Code” and, therefore, all practicable action should be taken to ensure that its terms are complied with.
- 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 Head of Central Services 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 Revenue and Customs, and 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 Executive Director (Resources and Support Services) 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 Executive Director (Resources and Support Services) for electronic scanning (when this is available) and for matching 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 Executive Director (Resources and Support Services) 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.
- Ds15 Payments may be made by means of corporate credit cards. All cardholders must be approved by the Executive Director (Resources and Support Services). Where such cards are used, the current Corporate Credit Card Procedures and Terms and Conditions of Use relating to corporate credit cards, issued by the Audit Manager, must be complied with.
- Ds16 Goods and services may also be acquired by means of Procurement Cards (P-Cards). All cardholders must be approved by the Executive Director (Resources and Support Services). Card use will be subject to procedures and terms and conditions of use laid down by the Executive Director (Resources and Support Services), which must be complied with.
- Ds17 Only employees of the Council may approve payments in respect of goods and services.

**Explanatory note**

*Except for payments out of advance accounts and via authorised corporate credit cards, 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 Revenue and Customs can impose fines on the Council for non-compliance with VAT regulations. In extreme cases, H M Revenue and Customs 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.*

*Where corporate credit cards are used, the relevant procedures and terms and conditions applicable to their use must be complied with.*

*Only Council employees can approve payment in relation to goods and services. Interim or agency staff or consultants or other persons who are not directly employed may not perform this function.*

*It is important that the Council pays its suppliers promptly. It has, by law, to comply with a requirement to pay them within 30 days of receipt of their invoice (provided there is no dispute) and the Council itself aims to pay within 10 days (apart from utilities invoices and those from large national and international firms). In addition, the Council has signed up to the government's "Prompt Payment Code". This says that we will pay suppliers on time, within their terms without changing them retrospectively and without altering the length of payment for small firms on unreasonable grounds. We must also give clear guidance to suppliers about our payment procedures, have a disputes/complaints system and communicate this to them and we must advise them promptly if there is a reason why an invoice will not be paid.*

#### **Payments to Employees and Members**

- Dt1 The Head of Human Resources 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 Head of Human Resources in order that records of employment and conditions of service can be maintained.

- Dt3 The Head of Human Resources 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 Head of Human Resources 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 Head of Human Resources; 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 Head of Human Resources and shall be certified by the appropriate Director, or his designated employee. Timesheets shall be forwarded to the Head of Human Resources in accordance with a timetable prescribed by him.
- Dt7 The Executive Director (Resources and Support Services) shall impose such checks on wage records, as he considers desirable.
- Dt8 A Director may certify payment of overtime to employees on spinal column point 35 and above only where prior approval has been obtained from the relevant Cabinet Portfolio-holder
- Dt9 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 Head of Human Resources, together with specimen signatures;
  - (c) give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue and Customs apply 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 Head of Human Resources;
  - (d) ensure that payments are only allowed through the PAYE system ;
  - (e) ensure that the Head of Human Resources 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**

- Dt10 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.

- Dt11 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 Head of Central Services or his designated employee.

**Travelling and Subsistence Allowance**

- Dt12 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.
- Dt13 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 Head of Human Resources is responsible for the payment of employees on behalf of the Council. Directors are responsible for notifying and certifying to the Head of Human Resources 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 Head of Human Resources shall complete all HM Revenue and Customs returns regarding PAYE.
- Du2 The Executive Director (Resources and Support Services) shall:
- (a) complete a monthly return of VAT inputs and outputs to HM Revenue and Customs;
  - (b) provide details to HM Revenue and Customs regarding the construction industry tax deduction scheme;
  - (c) provide details to HM Revenue and Customs 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 Revenue and Customs 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 Head of Human Resources 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.
- Ea4 Regard shall be had to the content of the Council's Code of Practice for Partnerships.

### **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 plan, timetable or framework 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, 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 Head of Central Services 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 from one bank account to another.
BUDGET HEAD	Every line in the detailed budget book represents a budget head
BUSINESS MANAGER	Means an employee of the Council at the Fourth Tier level, i.e. immediately below the level of Head of Service, currently comprising Business Manager plus any other employee who may be designated to act in a Business Manager role by the Council.
CASH FIGURES	The cash limits approved by the Cabinet to apply to these Regulations 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 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 Director that Service or to a Business Manager within the Service, to whom the duties shall apply. Where Directors are referred to by their specific designation as 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 various sources in respect of grants due in, payment claims and their supporting evidence
HEADS OF SERVICE	Means an employee of the Council at the Third Tier level, i.e. immediately below the level of Director, currently comprising Heads of Service, plus any other employee who may be designated to act in a Head of Service role by the Council.
INVOICE/ ACCOUNT	The terms invoice and account in relation to payments are interchangeable
SCRUTINY COMMITTEES	Comprises the following Overview and Scrutiny Committees: Transformation and Resources; Economic Development and Enterprise; Cleaner, Greener, Safer; Active and Cohesive Communities.
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.
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.



# **CAPITAL STRATEGY 2010 to 2013**

Submitted to Cabinet 17 February 2010

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## **1. INTRODUCTION**

- 1.1 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and stakeholders with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.2 The Council's detailed capital investment plan is contained in its Approved Capital Programme. The current three year programme was approved by Full Council on 24 February 2010. This programme provides for £34,920,800 of investment over the three-year period in projects across all of the Council's priority areas.

## **2. KEY OBJECTIVES AND PRIORITIES**

- 2.1 The Council's Priority Areas contained in its current (2010/11 to 2012/13) Corporate Plan are:

- Creating a Cleaner, Safer and Sustainable Borough
- Creating a Borough of Opportunity
- Creating a Healthy and Active Community
- Transforming our Council to Achieve Excellence

Annex A shows the indicative areas of projects and activities which are set out in the Plan which may require capital investment by the Council or its partners in order to contribute to the delivery of these priorities.

- 2.2 These priorities are compatible with those contained in the Local Area Agreement for Staffordshire to which the Council is a party, that is:

- A vibrant, prosperous and sustainable economy
- Strong, Safe and Cohesive communities
- Improved health and sense of well being
- A protected, enhanced and respected environment

- 2.3 Capital investment projects will be included in the Council's Capital Programme on the basis that they address issues arising from one or more of the Priority Areas contained in the Corporate Plan. An indication is shown against each project in the Programme of the area or areas whose issues it addresses.

- 2.4 New proposals for capital investment will be assessed against the corporate priority areas to ensure that they will contribute towards achieving the aims expressed. This assessment will be carried out as part of the appraisal process for new projects.

- 2.5 The Council will also ensure, through its programme of capital investment, that it maintains its assets to a standard such that they remain fit for purpose, enabling continuity of service delivery. In particular, it will carry out regular surveys of its stock of buildings and structures to ascertain their state of repair and any remedial works which may be necessary. Repair or improvement works arising from such surveys will be carried out subject to the availability of resources and consideration of the role the building plays in service delivery and the need to continue the relevant service in order to contribute to meeting corporate priorities. If a building is no longer required

for service delivery, it will either be considered for alternative use by the Council or its partners or disposed of and the proceeds made available for future capital investment in priority areas. All property assets are held to either (i) provide Council services, (ii) provide an investment return or (iii) to further regeneration projects.

- 2.6 Regular reviews of the property portfolio will be carried out by the Assets Review Group, chaired by the Executive Director (Regeneration and Development). A complete review of the whole portfolio will be undertaken in 2010/11 to identify properties or land which could potentially be disposed of and a capital receipt obtained from the sale. Because of the currently poor market conditions arising from the economic recession, however, it is unlikely that significant sales will take place in the short term, both because of lack of demand and the need to obtain the best sale price.
- 2.7 Where suitable “Invest to Save” projects can be identified the Council will actively pursue such projects as it recognises the benefits, in the form of reduced costs falling on the General Fund Revenue Account, that can result from such investment.
- 2.8 The Council will seek, where practicable and economically justifiable, to develop its investment projects having regard to principles of sustainability, for example in relation to materials used and environmentally friendly modes of operation once in use, following construction or purchase.

### **3. LINKS WITH OTHER STRATEGIES, POLICIES AND PLANS**

- 3.1 As well as the Corporate Plan and the Capital Programme the Capital Strategy has clear links to many of its other strategies, policies and plans, the most significant of which are:
- Asset Management Strategy
  - Medium Term Financial Strategy
  - Service and Financial Plans
  - Value For Money Strategy
  - Procurement Strategy
  - Economic Development Strategy
  - North Staffs Green Spaces Strategy
  - Leisure Strategy
  - Private Sector Housing Renewal Strategy
  - Housing Strategy
  - Cultural Strategy
  - Customer Access Strategy
  - Energy Efficiency and Climate Change Strategy and Carbon Reduction Plan
  - Treasury Management Strategy
  - Performance Plan
- 3.2 An important link is to the Asset Management Strategy (AMS) in that many capital investment projects are related to the Council’s fixed assets, such as its stock of buildings. Needs and priorities identified in the AMS will require consideration for inclusion in the Council’s Capital Programme and have wider financial consequences.
- 3.3 The Medium Term Financial Strategy will take account of the revenue effect of capital investment.
- 3.4 Capital investment proposals are contained in the Service and Financial Plans produced as part of the annual budget cycle. Some of these proposals may be included in the Capital Programme.

- 3.5 Appraisal, procurement and management of capital projects needs to be carried out with regard to the objectives and methodologies contained in the Value for Money Strategy and the principles and practices set out in the Procurement Strategy.
- 3.6 The various service based strategies will inform the Council's capital investment process through their identification of areas for action and of priorities within individual service areas.
- 3.7 The Treasury Management Strategy needs to reflect planned capital spend, particularly with regard to setting limits for tying up money over the longer term.
- 3.8 The Performance Plan contains the same data regarding Priority Areas as the Corporate Plan together with similar actions proposed to achieve the aims expressed in relation to the Priority Areas so by linking to the Corporate Plan the same link is made to the Performance Plan.
- 3.9 In addition the Capital Strategy will be influenced by the results of any Service Reviews which have been carried out by the Council, either as part of the Best Value Review process or as one-off exercises. Where these reviews identify areas of service which are to be discontinued, this may give rise to surplus assets which will be available for disposal and possibly generate a capital receipt which will be available for funding further capital investment. Alternatively reviews may identify areas for investment, some of which may be capital investment.

#### **4. EXTERNAL INFLUENCES, PARTNERS AND CONSULTATION WITH STAKEHOLDERS**

- 4.1 The Council's capital investment plans are influenced by a number of external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses, developers and by its stakeholders' needs and views, particularly those of Borough residents.
- 4.2 Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Renewal and Disabled Facilities Grants is a major area of investment with significant funding being provided by Government to meet a proportion of the costs of these activities. The Capital Programme 2010/11 to 2012/13 provides for £6.7m to be spent in this area over the three year period.
- 4.3 Where it may be required by legislation to carry out works of a capital nature, such as to comply with the Disablement Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined that it shall carry out the necessary work and that this should be capitalised.
- 4.4 The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Relationships with partners, including those concerning capital matters, will be governed by the Council's Partnerships Code of Practice. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners needs. When working with the private sector, the objective will be to maximise the benefits to the Council and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.

- 4.5 The Council is a participant in the Local Strategic Partnership (LSP) and will have regard to the content of its Sustainable Community Strategy together with any other elements of the partnership which relate to capital investment and will increasingly use the capital programme as a means of fulfilling its obligations to the LSP.
- 4.6 A major partnership with which the Council is currently associated, together with Stoke City and Staffordshire Moorlands Councils is the North Staffordshire Housing Market Renewal Partnership (Renew). A sum of £3,023,300 is included in the Capital Programme, representing the Council's contribution towards Renew projects.
- 4.7 The overall level and direction of the Council's capital investment proposals embodied in its capital programme and the individual schemes included in it will be informed by consultation carried out with stakeholders. This may be by means of the "Peoples' Panel", Simalto or similar consultation exercises or any other means which the Council feel are appropriate.
- 4.8 The availability of external funding will also influence the projects which the Council will include in its capital investment plans. This is referred to in the following section of the Strategy.
- 4.9 Regard will be had to the Council's obligations under Disabled Access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed.
- 4.10 Wherever possible the principles of sustainability will be incorporated into any capital projects.

## **5. RESOURCES AVAILABLE TO FINANCE CAPITAL INVESTMENT**

- 5.1 Capital investment may be financed by any one or a combination of the following:
- Borrowing
  - Use of Capital Receipts
  - Use of Reserves
  - Government Grants
  - Contributions from External Parties
  - Directly from the General Fund Revenue Account
  - Private Finance Initiative (PFI)
- 5.2 The Council is presently debt free, having no long term loans outstanding. Its current policy, expressed in its Treasury Management Strategy for 2009/10, approved by Council on 24 February 2009, is that it is not intended to utilise borrowing to fund the capital programme in view of the Council currently possessing sufficient reserves and useable capital receipts to finance capital expenditure from those sources. Borrowing may become an option in future years, if these resources become sufficiently depleted that they are insufficient to finance proposed capital expenditure or, if the costs of borrowing compare favourably with those of alternatives such as using unapplied capital receipts.
- 5.3 Capital Receipts have been the major source of funding for the Capital Programme in recent years. It is estimated that the amount of useable capital receipts in hand at 1 April 2010 will be around £11.2m. All of the capital receipts are committed to finance the currently approved Capital Programme.
- 5.4 New sources of capital receipts are somewhat limited. At present the major significant (but much reduced from earlier levels) source is the Council's continuing

right to a share of receipts arising from tenants of Aspire Housing under the Right to Buy legislation, which are estimated to amount to some £500,000 over the three years covered by this Strategy. Right to Buy sales are diminishing both because of the present depressed property market and there being fewer potential purchasers as time goes by. These receipts are fully committed to finance the cost of the Renewal and Disabled Facilities Grants not met from Government Grant. In addition there may be some receipts from the sale of land or property but in the normal course of events such receipts are not predicted to be significant in amount over the three year period. This could change if the Council's review of its property assets, referred to in paragraph 2.6, results in disposals which generate sizeable receipts.

- 5.5 The Council has established a number of reserves which are available to finance capital investment. These are as follows:

- Special Projects Fund
- ICT Development Fund
- New Initiatives Fund
- LSVT Capital Fund

The Special Projects Fund is fully committed to funding the current approved Capital Programme and will be exhausted during the period spanned by the Programme.

The ICT Development Fund is specifically earmarked for meeting the costs of ICT development, both capital and revenue. It is estimated that the balance on the Fund at 1 April 2010 will be around £1.4m.

The New Initiatives Fund's purpose is to finance new initiatives, both capital and revenue, not currently provided for in the Council's budgets. It is estimated that the balance on the Fund at 1 April 2010 will be around £0.4m. Not all of this, however, is available for capital purposes as part is either committed to meet the cost of ongoing revenue account initiatives or earmarked for covering costs which may arise if the Council suffers the loss of its exempt VAT status for a period.

The LSVT Capital Fund was established to receive the principal element of leasing charges made to services under the internal leasing scheme, which has been used to charge financing costs to users of ICT and other equipment where the initial purchase of that equipment was financed by using capital receipts arising from the disposal of the housing stock referred to above. This mechanism is intended to ensure that a sum equivalent to the capital receipt used is made available to finance future capital investment. It is estimated that the balance on this Fund at 1 April 2010 will be £2.1m.

- 5.6 The Council will carefully consider the use of capital receipts and reserves to finance new capital projects not presently included in the approved Capital Programme because of the effect that such use will have upon investment income receipts and hence the General Fund Revenue Account. At current investment interest rates of around 1.0% (rates available in the market currently pay a premium of up to an additional 0.5% above the base rate of 0.5%), every £100,000 of such capital receipts or reserve balances used will cost £1,000 to the revenue account on an ongoing basis. The use of capital receipts and reserves to finance the current approved Capital Programme 2010/11 to 2012/13 has been taken account of in the current Medium Term Financial Strategy and in the 2010/11 Revenue Budget.

- 5.7 Wherever Government grants are available to meet all or part of the cost of capital projects the Council will ensure that these are applied for and used to maximise the amount of investment which can be made and the benefit which will result from that investment.

- 5.8 Wherever possible and appropriate, funding will be sought towards the cost of capital projects from external parties. These will include property developers, government agencies, funding from the European Union (normally channelled via a UK Government Department), funding bodies such as the National Lottery or the Football Foundation, development agencies such as Advantage West Midlands and partner organisations who may join with the Council to bring forward particular projects of mutual benefit.
- 5.9 There is no present intention to charge any capital investment directly to the General Fund Revenue Account.
- 5.10 The Council does not presently intend to consider the use of Private Finance Initiative type arrangements to meet the cost of capital investment.
- 5.11 The Executive Director (Resources and Support Services) will prepare estimates of the resources which are presently in hand plus those likely to be available in future to finance capital investment. He will keep these estimates up to date and periodically report upon them to Cabinet and Council, particularly when the Capital Programme is being considered. The Council will decide on the appropriate form of financing for projects included in the Capital Programme based on advice from the Executive Director as to availability and the consequences and costs of use of the various options.
- 5.12 The need to have available liquid funds to be used to pay for capital projects will be borne in mind when drawing up the Council's Treasury Management Strategy. An appropriate limit will be placed on long term investments based on predictions of the capital spending profile over the period covered by the Strategy so that there are likely to be enough readily available easily cashable investments to meet requirements.

## **6. REVENUE IMPLICATIONS**

- 6.1 The impact, if any, upon the General Fund Revenue Account, which will arise from capital investment proposals will be calculated and considered at the time projects are placed before Cabinet or Full Council for inclusion in the Approved Capital Programme or for specific approval. Such impact may be in the form of reduced interest receipts, where projects are to be financed from capital receipts or reserves, borrowing costs, if loan finance is to be employed, or additional running costs arising from the provision of a new or altered facility. Offset against these costs will be any savings which might accrue, for example from "invest to save" projects.
- 6.2 In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital, which the Council has adopted, the incremental impact of the Capital Programme will be calculated and considered when that programme is placed before Full Council for approval, in February each year.
- 6.3 The Council will always have regard to the affordability of its proposed capital investments, in terms of the revenue implications arising.
- 6.4 The revenue implications of the capital programme will be taken account of in the Council's Medium Term Financial Strategy.

## **7. APPRAISAL OF INVESTMENT PROPOSALS**

- 7.1 In accordance with the Council's Financial Regulations all proposals for new capital investment estimated to cost more than £20,000 will be subject to the Benefits

Management Model process, whereby a business case will be made out for the proposal based on whole life costing, its fit with corporate priorities will be demonstrated, outputs detailed, and project milestones set out. The process will consider the availability of resources to fund the project and its effect, if any, upon the revenue budget in future years. All new capital investment proposals must be appraised by the Capital Programme Review Group prior to specific Cabinet approval being requested. Before any project may be commenced Specific Cabinet approval must be obtained and the project must be included in the Approved Capital Programme, after considering its priority relative to other proposed projects and the overall level of resources available to fund the Capital Programme as a whole.

- 7.2 A Risk Assessment, in the approved corporate format, will be completed for all capital projects subject to the Benefits Management Model process.

## **8. MONITORING ARRANGEMENTS AND PROJECT MANAGEMENT**

- 8.1 Progress in relation to individual projects will be monitored through the Council's arrangements for the monitoring of capital projects, which entail quarterly monitoring reports to be received by the Cabinet. The Capital Programme Review Group will also review project progress and corrective action will be initiated where projects fall behind schedule, appear likely to overspend or otherwise give cause for concern. Individual Project Forms will be maintained in respect of each project by the Executive Director (Resources and Support Services) which will track the progress of projects and be available to officers and members with an interest in reviewing progress of those projects. Monitoring will also take place as part of the Benefits Management Model process, whereby reports will be completed for any projects which deviate from planned progress.
- 8.2 All projects will be assigned to a named officer who will be responsible for overseeing the project, including project monitoring and control and implementing exception reports and, where appropriate, corrective action if the project deviates from its planned progress or cost.
- 8.3 Where complex major projects are to be carried out, consideration will be given to employing the Prince2 project management methodology.
- 8.4 All capital projects will be subject to Internal Audit review to ensure correct procedures have been followed and sums have been paid out in accordance with Financial Regulations and Standing Orders as they relate to contracts. Where projects have received funding from government or quasi-governmental sources, the expenditure will also be subject in many cases to external audit by auditors from the Audit Commission. European Union funded projects may also be subject to audit by auditors on behalf of that body. Where monitoring returns or claims for reimbursement of expenditure are required to be sent to funding bodies, these will be completed and forwarded promptly to the relevant body in compliance with any deadlines laid down by them.
- 8.5 All capital investment proposals and project progress and management are subject to the Council's scrutiny arrangements.

## **9. STATUTORY FRAMEWORK**

- 9.1 The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

- 9.2 Capital expenditure is defined by the 2003 Act as that which falls to be capitalised in accordance with proper practices, which means in accordance with the Statement of Recommended Practice (SORP) applicable to local authority accounting. Annex B sets out the definition provided by the SORP. In addition there are a number of other types of expenditure which have been defined by Regulations as being treatable as capital in nature. Generally these do not apply to this Council.
- 9.3 It should be noted that the Act and Regulations are framed in a permissive way, allowing local authorities to capitalise expenditure which fits the definition but not forcing them to capitalise such expenditure. The Council will decide, therefore, whether to include a project meeting the capital definition in its capital programme or to meet its cost from a revenue account.
- 9.4 The Council does not set a minimum amount for the capitalisation of expenditure (de minimis level). Accordingly, any expenditure complying with the above definition may be capitalised.
- 9.5 Capital Finance Regulations stipulate that amounts of less than £10,000 may not be treated as capital receipts. Accordingly, any such sums received, although otherwise capital in nature, will be credited to a revenue account.

## **10. PROCUREMENT**

- 10.1 Regard will be had to the contents of the Council's Procurement Strategy when considering the delivery of capital projects.
- 10.2 Where estimated project contract costs exceed the relevant European Union threshold, the appropriate EU tendering procedures will be followed.
- 10.3 Standing Orders relating to contracts will apply to all contracts proposed to be let in relation to capital projects, together with Financial Regulations and the provisions of the Council's scheme of Delegation.
- 10.4 The achievement of Value for Money will be a guiding principle in the procurement of capital works and services and in managing contracts. Accordingly, the objectives and methodologies contained in the Value for Money Strategy will be observed.

**INDICATIVE AREAS OF PROJECTS AND ACTIVITIES WHICH ARE SET OUT IN THE CORPORATE PLAN WHICH MAY REQUIRE CAPITAL INVESTMENT BY THE COUNCIL AND ITS PARTNERS IN ORDER TO CONTRIBUTE TO THE DELIVERY OF THE CORPORATE PRIORITIES**

**Creating a Cleaner, Safer and Sustainable Borough**

- CCTV Provision
- Improved Recycling Facilities at “bring” sites
- Further increase to the household recycling rate
- Tackling fuel poverty - review of the private sector renewal strategy
- Development of Queen Elizabeth Park/Castle Mound project
- Developing replacement burial facilities in Audley

**Creating a Borough of Opportunity**

- Newcastle Town Centre Public Realm Project
- Replacement of Market Stalls
- Promotion of key sites for inward investment
- Maintaining a five year supply of developable housing sites
- Collins and Aikman site redevelopment
- Silverdale Colliery site redevelopment
- Galleys Bank Kidsgrove - repair methods for non-traditional housing stock
- Choice-Based Lettings Scheme
- Dealing with empty homes by demolition or bringing back into use
- Newcastle Town Centre Strategic Investment Framework
- Development of a Housing Development Partnership to address identified needs
- Small Business Grant scheme
- Increasing the number of dwellings which have been improved towards the Decent homes standard
- Rapid Adaptation Service for disabled persons
- Group repair schemes – Butt Lane and Silverdale

**Creating a Healthy and Active Community**

- Health and Well-Being Centre
- Wammy Neighbourhood Park
- Improving the range of Outdoor Recreation Facilities consistent with the Green Space Strategy

**Transforming Our Council to Achieve Excellence**

- Review of operational accommodation and implementation of improvements
- Maximising use of Information technology

**DEFINITION OF CAPITAL EXPENDITURE INCLUDED IN THE CODE OF PRACTICE ON  
LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM (SORP)**

All expenditure on the acquisition, creation or enhancement of tangible fixed assets should be capitalised on an accruals basis. Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised and be classified as a tangible fixed asset providing that it yields benefits to the authority and the services it provides are for a period of more than one year.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

In this context, enhancement means the carrying out of works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purpose or in conjunction with the functions of the local authority concerned.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred. Expenditure on existing fixed assets should be capitalised in three circumstances:

- Enhancement - see above.
- Where a component of the fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful life is replaced or restored.
- Where the subsequent expenditure relates to a major inspection or overhaul of a fixed asset that restores the benefits of the asset that have been consumed by the authority and have already been reflected in depreciation.

Assets acquired on terms meeting the definition of a finance lease should be capitalised and included together with a liability to pay future rentals.

Where a fixed asset is acquired for other than a cash consideration or where payment is deferred the asset should be recognised and included in the balance sheet at fair value.

**Key Areas Emphasised in the Revised CIPFA**  
**Treasury Management Code of Practice**

1. All Councils must formally adopt the revised Code and the following four clauses:
  - The Council will create and maintain, as the cornerstones for effective treasury management:
    - A treasury management policy statement
    - Suitable treasury management practices
  - The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
  - The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Audit and Risk Committee and Cabinet, and for the execution and administration of treasury management decisions to the Executive Director (Resources and Support Services).
  - This Council nominates the Transformation and Resources Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
2. The strategy report will affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities
3. The Council's appetite for risk must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out
4. Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation
5. Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support
6. Councils need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits
7. Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities

8. The main annual treasury management reports must be approved by Full Council
9. There needs to be a mid year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved
10. Each Council must delegate the role of scrutiny of treasury management strategy and policies to a specific named body
11. Treasury management performance and policy setting should be subjected to prior scrutiny
12. Members should be provided with access to relevant training
13. Those charged with governance are also personally responsible for ensuring they have the necessary skills and training
14. Responsibility for these activities must be clearly defined within the organisation
15. Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council

**Reporting Arrangements Adopted  
in Accordance with the Requirements of the Revised Code**

<b>Area of Responsibility</b>	<b>Committee</b>	<b>Frequency</b>
Treasury Management Policy Statement (revised)	Full Council	Initial adoption in 2010
Treasury Management Strategy/Annual Investment Strategy/MRP Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy/Annual Investment Strategy/MRP policy – updates or revisions at other times	Full Council	As required
Annual Treasury Outturn Report	Full Council	Annually by 30 September after the end of the year
Scrutiny of Treasury Management Strategy	Transformation and Resources Overview and Scrutiny Committee	Annually before the start of the year
Scrutiny of Treasury Management Performance	Audit and Risk Committee	Mid year

**Treasury Management Policy Statement**

1. This organisation defines its treasury management activities as:  
  
“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

## **TREASURY MANAGEMENT STRATEGY REPORT 2010/11**

### **1.0 Background**

- 1.1 The aim of this report is to lay down the strategy to be followed for the financial year commencing 1 April 2010 in respect of the Council's treasury management activities. It is prepared in accordance with the requirements of the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice, published in 2009.
- 1.2 The broad framework within which the treasury management function is to be operated is set down in the revised Treasury Policy Statement included for approval by Council on 24 February 2010. This report sets more detailed parameters within which your officers will operate in carrying out the various treasury management functions during 2010/11.

### **2.0 Prudential Indicators**

- 2.1 The report also incorporates a number of Prudential Indicators in relation to treasury management in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities ("the Code"). Regulations to the Local Government Act 2003 lay down that the Council shall have regard to the Prudential Code in determining an affordable borrowing limit.
- 2.2 The indicators are intended to demonstrate that the Council has fulfilled the objective of ensuring that its capital investment decisions are affordable, prudent and sustainable – or in exceptional cases to demonstrate that there is a danger of this not occurring, so that timely remedial action can be taken. They are further designed to ensure that treasury management decisions are taken in a manner that supports prudence, affordability and sustainability.
- 2.3 It should be clearly understood that the prudential indicators are intended to support and record local decision making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter-productive.
- 2.4 All forward looking indicators must be monitored, comparing actual results with the estimate, with procedures in place to do this. Significant deviations require investigation, possible action and, where appropriate, reporting to members. Indicators for the forthcoming and following years must be set before the beginning of the forthcoming year.
- 2.5 Indicators, other than actuals derived from information in the Council's accounts, are required to be set, and where they are revised, revised through the process established for the setting and revising of the Council's budget. This report contains the indicators relating specifically to treasury management. The indicators relating to capital expenditure and its effect upon the Council Tax are reported to the Council meeting which sets the General Fund Revenue Budget and the Council Tax (24 February 2010).
- 2.6 Adoption of the CIPFA Treasury Management Code of Practice is prescribed as a Prudential Indicator in relation to treasury management generally. The Council adopted the previous Code at the Council meeting on 27 February 2002, and is to approve the adoption of the revised Code at its meeting of 24 February 2010. The other indicators relevant to treasury management are:
- Ratio of Financing Costs to Net Revenue Stream (estimates and previous year's actual)
  - Net Borrowing and the Capital Financing Requirement
  - Capital Financing Requirement (estimates and previous year's actual)
  - Operational Boundary
  - Authorised Limit
  - Upper limit on fixed interest rate exposures

- Upper limit on variable interest rate exposures
- Maturity structure of borrowings – Upper Limit
- Maturity structure of borrowings – Lower Limit
- Total principal sums invested for periods longer than 364 days
- Actual External Debt
- *Estimates of Capital Expenditure*
- *Actual Capital Expenditure*
- *Estimates of the incremental impact of capital investment decisions on the Council Tax.*

The final three Prudential Indicators shown in italics are more relevant to the setting of the General Fund Revenue and Capital Budgets. These are reported to the Council within reports relating to those matters.

### **3.0 Current Position in Relation to the Council's Debt and Investment Portfolio**

#### **Debt**

- 3.1 Currently the Council has no long term external debt and is now categorised as a 'debt free' authority. Short term external loans (i.e. repayable on demand or within 12 months) can be taken to fund any temporary capital or revenue borrowing requirement. The amounts involved would fluctuate according to the cash flow position at any one time. Such short term borrowing does not affect the Council's 'debt free' status.
- 3.2 Any surplus funds arising, for example from favourable cash flow or as a result of asset sales, are potentially available for use as an alternative to short term borrowing. The Actual External Debt of the Council as at the end of the previous financial year is a Prudential Indicator. This indicator comprises actual borrowing (short and long term) plus any other relevant long term liabilities as shown in the Council's balance sheet. The indicator is not directly comparable to the authorised limit or the operational boundary since the actual external debt will reflect the actual position at one point in time. As at 31 March 2009 the Actual External Debt of the Council was nil.

#### **Investments**

- 3.3 As a result of the sale of its housing stock on 1st February 2000, the Council has a considerable capital sum available for investment. It is estimated that the approximate capital value of these investments at 31 March 2010 will be £30,000,000 all of which will be managed In House. The strategy and detailed arrangements to be followed for the investment of the Council's funds during 2010/11 is detailed under 'Investment of Surplus Funds' later in this report.

### **4.0 Borrowing**

#### **Amount Required for Year**

- 4.1 The Local Government Act 2003 requires each local authority to determine and keep under review how much money it can afford to borrow. This is to be determined by the calculation of an affordable borrowing limit which Regulations to the Act specify should be calculated with regard to the CIPFA Prudential Code.
- 4.2 At present borrowing is not being used to fund the capital programme in view of the Council currently possessing sufficient reserves and useable capital receipts to finance capital expenditure from these sources. Borrowing may become an option if these resources become sufficiently depleted that they are insufficient to finance proposed capital expenditure deemed to be affordable or, if the costs of borrowing compare favourably with those of alternatives such as using unapplied capital receipts.
- 4.3 There may be a requirement to temporarily fund some capital expenditure by means of borrowing during the interim period before a permanent means of finance becomes available, for example whilst awaiting receipt of Government grant. As well as temporary borrowing required for capital purposes, it

may also be necessary to borrow in order to cover any temporary shortfall in revenue income which may arise owing to either a mismatch between income and expenditure or problems concerning the non payment of amounts due to be paid by the Council's customers. These factors have been taken into account in calculating the Prudential Indicators referred to below.

### **Prudential Indicators for Borrowing Requirement**

- 4.4 In order to identify the Council's underlying need to borrow for capital purposes the Code specifies that a Capital Financing Requirement Indicator should be calculated. The Capital Financing Requirement is derived from the Council's balance sheet by consolidating various items appearing in it which relate to capital, such as: fixed assets; deferred charges; fixed asset restatement reserve; capital financing reserve. The relevant figures for this Council are set out in the table below:

<b>31/03/09 Actual (£000's)</b>	<b>31/03/10 Estimate (£000's)</b>	<b>31/03/11 Estimate (£000's)</b>	<b>31/03/12 Estimate (£000's)</b>	<b>31/03/13 Estimate (£000's)</b>
(894)	(894)	(894)	(894)	(894)

- 4.5 It should be noted that a negative Capital Financing Requirement reflects the position of the Council in having no outstanding external long term debt and no present intention of taking out any over the period concerned. A further Indicator, which should be continually monitored, is a comparison of the Capital Financing Requirement with the Council's Net Borrowing (borrowing less investment). Net Borrowings should always be less than the Capital Financing Requirement. This indicator is intended to ensure that over the medium term net borrowing will only be for a capital purpose.

### **Borrowing Limits**

- 4.7 The following two control figures will be applied to set the parameters within which borrowing is permitted to take place. Both of them are Prudential Indicators in terms of the Code.

#### *Operational Boundary*

- 4.8 This indicates the probable external debt during the course of the year. It is not a limit and actual borrowing can vary around this boundary for short times during the year. It should act as an indicator to ensure that the Authorised Limit is not breached. The Code requires the inclusion of a figure, separately shown, for Other Long Term Liabilities representing commitments in relation to credit arrangements such as finance leases, etc. Since these do not apply in the Council's case, a nil amount is shown against this item. As referred to under 'borrowing requirement' above, the Council may, if considered desirable from a treasury management point of view, take out long term loans to finance capital expenditure incurred in 2010/11, 2011/12 and 2012/13. The figures shown in the table below reflect the possibility that up to £5,000,000 may be borrowed at any one time on a long term basis in 2010/11. The Operational Boundaries for the Council are set out below:

	<b>2010/11 Estimate (£000's)</b>	<b>2011/12 Estimate (£000's)</b>	<b>2012/13 Estimate (£000's)</b>	<b>2013/14 Estimate (£000's)</b>
<b>Borrowing</b>	5,000	5,000	5,000	5,000
<b>Other Long Term Liabilities</b>	0	0	0	0

#### *Authorised Limit*

- 4.9 This represents the limit beyond which borrowing (long and short term added together) is prohibited. Officers responsible for day-to-day treasury management operations must ensure that the Council's borrowings do not exceed this limit. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. It is a statutory limit which Councils must determine in accordance with Section 3 (1) of the Local Government Act 2003. The Authorised Limits for the Council are set out in the table below:

	<b>2010/11 Estimate (£000's)</b>	<b>2011/12 Estimate (£000s)</b>	<b>2012/13 Estimate (£000's)</b>	<b>2013/14 Estimate (£000's)</b>
<b>Borrowing</b>	15,000	15,000	15,000	15,000
<b>Other Long Term Liabilities</b>	0	0	0	0

### *Sources of Borrowing*

- 4.10 Temporary borrowing will take place via money brokers, from building societies, banks, local authorities, individuals and commercial organisations. If the Council decides to borrow on a long term basis to fund capital expenditure it is anticipated that this will be via the Public Works Loans Board.

### *Interest Rates, Loan Periods and Types of Loan*

- 4.11 The most favourable options will be selected, depending upon market conditions prevailing at the time of borrowing. The aim will be to minimise the impact upon revenue accounts and to achieve efficient management of the Council's debt portfolio. Advice will be taken, as appropriate from the Council's treasury management advisors.

## **5.0 Investment of Surplus Funds**

- 5.1 The strategy in relation to investments together with the relevant prudential indicators is set out in Annex A. This has been compiled according to Guidance on Local Government Investments issued in March 2004 by the Office of the Deputy Prime Minister under powers contained in Section 15 (1) (a) of the Local Government Act 2003. The Act states that local authorities must have regard to this guidance. The Guidance recommends that an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments is produced and approved by the Full Council.

## **6.0 Interest Rate Exposure**

- 6.1 The following limits will apply in relation to the Council's interest rate exposure. They relate to interest on both borrowings and investments. These limits are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates.

### *Limit on Fixed Interest Rate Exposures expressed as a percentage of total borrowings/investments*

	<b>Borrowing</b>		<b>Investments</b>	
	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>
<b>2010/11</b>	100%	0%	100%	0%
<b>2011/12</b>	100%	0%	100%	0%
<b>2012/13</b>	100%	0%	100%	0%
<b>2013/14</b>	100%	0%	100%	0%

### *Limit on Variable Interest Rate Exposures expressed as a percentage of total borrowings/investments*

	<b>Borrowing</b>		<b>Investments</b>	
	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>
<b>2010/11</b>	100%	0%	100%	0%
<b>2011/12</b>	100%	0%	100%	0%
<b>2012/13</b>	100%	0%	100%	0%
<b>2013/14</b>	100%	0%	100%	0%

- 6.2 In relation to both investing and borrowing fixed rate investments and loans may be anything between 0% and 100% of the total, with the same proportions being permitted for variable rate loans – in effect there is no limit on each type. This enables maximum flexibility to be afforded to your officers to take advantage of prevailing interest trends to obtain the best deal for the Council. It will also enable a greater spread of risk via the Council utilising Money Market Funds (variable interest rates) to extend

the Counterparties that the Council currently invests with.

## **7.0 Leasing**

- 7.1 In previous years the Council has acquired many of its vehicles and items of plant by means of leases and major items of equipment may also be obtained in the same way.
- 7.2 The total amount of leases to be entered into during the year will depend upon the replacement requirement for vehicles and plant and upon any new requirements arising during the year. It will also depend upon the attraction of leasing as opposed to other forms of finance which may be available, in particular in comparison with contract hire terms for vehicles and plant and the availability and relative cost of internal sources of funding (see below). The appropriate form of finance will be chosen to obtain the best deal for the Council at the time that the requirement arises.
- 7.3 An appropriate lease period will be chosen in relation to the type of asset concerned and to achieve the most satisfactory revenue account impact. Either fixed or variable rate leases may be taken out. Which is chosen will depend upon market conditions prevailing at the time the decision is made. The current contract with the Council's Treasury Management advisors includes the provision of leasing advice.

## **8.0 Ratio of Financing Costs to Net Revenue Stream**

- 8.1 In order to show how much of the General Fund Revenue Budget is taken up by financing costs and thereby enable a judgement to be made as to whether this is a reasonable proportion, the Prudential Code requires the calculation of a Prudential Indicator to show financing costs as a percentage of Net Revenue Stream.
- 8.2 Financing Costs comprise the aggregate of, interest payable on loans and finance leases; premiums or discounts in relation to premature debt repayment; interest receivable and investment income; the amount charged as a 'Minimum Revenue Provision; depreciation and impairment charges that have not been reversed out of the revenue account.
- 8.3 Net Revenue Stream is defined as the 'amount to be met from government grants and local taxpayers'. This is the Council's 'budgetary requirements' figure shown in the General Fund Revenue Budget, being the net expenditure for the year before deducting government grants (Revenue Support and NNDR) and adjusting for the Collection Fund Surplus/Deficit. The relevant figures for this Council are set out in the table below:

	<b>2008/09 Actual (£000's)</b>	<b>2009/10 Estimate (£000's)</b>	<b>2010/11 Estimate (£000's)</b>	<b>2011/12 Estimate (£000's)</b>	<b>2012/13 Estimate (£000's)</b>
<b>Net Revenue Stream</b>	16,602	17,564	17,762	16,652	15,655
<b>Financing Costs</b>	(1,565)	(818)	(482)	(1,071)	(1,058)
<b>Ratio</b>	(9.43%)	(4.66%)	(2.71%)	(6.43%)	(6.76%)

- 8.4 The negative Financing Costs reflect the position that the Council's investment income exceeds the interest paid to service its external debt.

## **9.0 Cash Flow**

- 9.1 Every effort will be made to match receipts with payments. Prompt billing of customers in respect of sums due to the Council will take place and arrears will be actively pursued. Any cash surpluses arising will be dealt with in accordance with the procedure outlined under "Investment of Surplus Funds" above.

## **10.0 Treasury Management Advisors**

- 10.1 Your officers will continue to work with the Council's Treasury Management Advisors, Sector, to monitor market trends and to advise on strategic considerations affecting borrowing strategy and sums available for investment and any other relevant treasury management matters.

## **Investment Strategy 2010/11**

### **1.0 Introduction**

- 1.1 This Strategy is compiled according to Guidance on Local Government Investments issued by the Office of the Deputy Prime Minister in March 2004. It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

### **2.0 General Principles**

#### **Security of Investments**

- 2.1 In accordance with the Investment Guidance, the Council will, in considering the security of proposed investments, follow different procedures according to which of two categories, Specified or Unspecified, the proposed investment falls into. Specified Investments offer high security and high liquidity and are:

- (a) Denominated, paid and repaid in sterling;
- (b) Not long term investments, i.e. they are due to be repaid within 12 months of the date on which the investment was made;
- (c) Not defined as capital expenditure; and
- (d) Are made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency or are made with the UK Government, a Local Authority in England, Wales, Scotland or Northern Ireland or a Parish or a Community Council.

Non-Specified Investments are those which do not meet the definition of Specified Investments.

- 2.2 A review of the counterparty list was undertaken by your Officers in conjunction with Sector, the Council's treasury management advisors during May and June 2009. The findings of this exercise were reported to and approved at the Council Meeting on 24<sup>th</sup> June 2009.
- 2.3 This Council uses the creditworthiness service provided by the Council's treasury management advisors, Sector. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:
- (a) Credit watches and credit outlooks from credit rating agencies;
  - (b) Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
  - (c) Sovereign ratings to select counterparties from only the most creditworthy countries
- 2.4 This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.
- 2.5 All credit ratings will be monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.
- 2.6 Currently the only Non-Specified Investments in which the Council may place funds are those which have a term greater than 12 months. It is not intended to use any other category of Non-Specified investment during 2010/11. In considering whether to place funds for longer than 12 months and in determining the period of such investment the principles and limits set out under "Liquidity" below will apply together with the criteria set out in Annex B.

- 2.7 If the Council participates in the Local Authority Mortgage Guarantee Scheme, it may be required to place a deposit with the mortgage provider(s) up to the full value of the guarantee. The deposit will be in place for the term of the guarantee (i.e. 5 years, with the possibility of a further 2 year extension if the account is 90+ days in arrears at the end of the initial 5 years) and may have conditions/structures attached. The mortgage provider will not hold a legal charge over the deposit.
- 2.8 The Council has laid down a list of approved investment instruments in the Schedule to Treasury Management Practice 4 (TMP4). These are reproduced below:

**Extract from Schedule to TMP 4**

*“The following types of investments will be permitted, fixed cash deposits, certificates of deposit issued by organisations falling into the categories listed under TMP1 (5), registered British Government Securities (Gilts) and Money Market Funds. Officers of the Council may only invest in Fixed Cash Deposits and Money Market Funds.”*

- 2.9 Because fund managers are not currently employed this means that investments in 2010/11 will be limited to fixed cash deposits, money market funds and the Debt Management Account Deposit Facility (DMADF). The DMADF is guaranteed by HM Government and offers investors a flexible and secure facility to supplement their existing range of investment options.
- 2.10 If the Council were to consider placing funds in any other type of investment which would be categorised as Non-Specified, the security of the capital sum would be the paramount concern. The same requirements as to credit ratings relating to Specified Investments will apply, and in appropriate cases the advice of the Council's treasury management advisors will be sought.

**Liquidity of Investments**

- 2.11 The Council will determine the maximum periods for which funds may prudently be committed. Investments will be for whatever period is considered appropriate by your officers at the time that the investment is made. Regard will be had to relevant matters such as likely future capital values and the Council's forecast need to realise investments in the future in order to finance capital expenditure or for any other purpose. The principles concerning time limits contained in the Schedule to the Treasury Management Practices will be followed.
- 2.12 There will be a limit placed upon the amount which may be invested for periods in excess of 364 days. This limit has been set using one of the Prudential Indicators required by the Chartered Institute of Public Finance and Accountancy Prudential Code for Capital Finance in Local Authorities.
- 2.13 This Prudential Indicator is intended to limit the Council's exposure to the possibility of loss that might arise as a result of it having to seek early repayment of sums invested. It consists of the amount that it is considered prudent to have invested for a period greater than 364 days in each of the next three years. The limits as set out in the table below will apply.

	<b>£000's</b>
<b>Beyond 31/03/11</b>	10,000
<b>Beyond 31/03/12</b>	10,000
<b>Beyond 31/03/13</b>	10,000

**Yield**

- 2.14 Priority will be given to security and liquidity. Consistent with achieving the proper levels of security and liquidity, the highest rate of return will be sought for any investment made.

## **Interest Rate Exposure**

- 2.15 Limits will apply in relation to the Council's interest rate exposure. These are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates. The limits which will apply are set out in the body of the Treasury Management Strategy Report.

### **3.0 Specific Strategy for 2010/11**

#### **Capital Receipts in Hand and Balances Held in Reserves**

##### *Amount Available for Investment*

- 3.1 It is estimated that the amount of receipts in hand, plus reserve balances, and available for investment at 1 April 2010 will be in the region of £30,000,000.

##### *Period of Investment*

- 3.2 This will be determined in accordance with 2.11 to 2.13 (Liquidity of Investments) above.

##### *Forward Commitment*

- 3.3 This involves agreeing in advance to place an investment with a borrower at a future specified date at an agreed interest rate. It is done in order to obtain the benefit of what are considered to be better rates than might be available later, when physical funds are likely to be available. In 2009/10 no forward commitment took place. It is intended to employ forward commitment in 2010/11 in instances where market conditions warrant it.

##### *Return to be Obtained*

- 3.4 The overriding consideration is safeguarding the Council's capital. At all times the risk to the Council will be minimised. Within these constraints, the aim will be to maximise the return on investments made.

#### **Other Temporary Surpluses**

##### *Amount Available for Investment*

- 3.5 In addition to the receipts and reserve balances referred to above, the Council will, from time to time, find itself in possession of funds in excess of its immediate requirements. This may occur, for example, if income is received at a faster rate than expenditure is incurred or if grant payments are made to the Council in advance of the expenditure being incurred to which they relate. This is not a permanent state of affairs and the extent to which it will occur and, therefore, the amounts available at any time cannot be predicted.
- 3.6 Prudent financial management dictates that these temporary surpluses should be invested or used to redeem temporary loans if any are outstanding, rather than being left to lie idle in the Council's bank account. Such surpluses will normally be placed in a short term deposit account with the Council's bankers. Occasionally, where the size of the surplus warrants, short term investments will be made in the market.
- 3.7 Capital receipts which arise during the year, as a result of asset sales, will be invested with the Council's Central Loans Financing Account in substitution for external borrowing or invested on the money market on a short term basis if the Council does not have a borrowing requirement at any particular time for which they could be employed. When any useable receipts are required to finance capital expenditure or for any other purpose, the appropriate amount will be disinvested and so utilised.

### *Period of Investment*

- 3.8 All temporary surplus funds will be invested on a short term basis in order that they will be available for use as and when required. This requirement has been recognised in the calculation of the Prudential Indicator relating to total principal sums invested for periods longer than 364 days set out earlier.

### *Return to be obtained*

- 3.9 The aim will be to obtain the maximum rate of return which is available at the time the investment is made with an external body. This must, however, be consistent with the safeguarding of the Council's capital. At all times the risk to the Council will be minimised.
- 3.10 Part of the service provided by the Councils Treasury Management Advisors, Sector, is to assist the Council in the formulation of a view on interest rates, the following gives their view of the Bank of England base rate:
- 2010, 0.50%
  - 2011, 1.50%
  - 2012, 3.50%
  - 2013, 4.50%

**Counterparty Listing Criteria**

This Council uses the creditworthiness service provided by Sector Treasury Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands:

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys are currently very much more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).

**Minimum Revenue Provision Strategy**

- 1.1 Local Authorities are required to set aside a minimum amount from revenue to fund capital expenditure, this is known as the Minimum Revenue Provision (MRP).
- 1.2 An annual strategy on MRP has to be prepared and approved by Full Council. This document outlines the proposed treatment of MRP for 2010/11. There is a general duty placed on Local Authorities to make an amount of MRP which it considers to be prudent.
- 1.3 The Council's Capital Financing Requirement is a negative amount as a result of the capital receipt from the Housing Stock Transfer. This means that there is no longer any requirement to set aside a MRP for the redemption of external debt. Accordingly, this has not been provided for.

**Schedule of detailed recommendations**

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2010/11.

**Recommendations**

- (a) That the Revenue Budget for 2010/11 be approved in the sum of £17,866,650 as set out in Appendix B.
- (b) That £468,000 of the Budget Support Fund be utilised to fund the 2010/11 budget.
- (c) That the Council Tax at Band 'D' be £176.93 an increase of 1.5% over 2009/10.
- (d) That the Capital Programme to 2011/12 be approved as set out in Appendix E, together with the Prudential Indicator relating to the Incremental Impact of Capital Investment Decisions on the Council Tax.
- (e) That £400,000 be transferred from the Contingency Reserve Fund to the Repairs and Renewals Fund.
- (f) That it be noted that at its meeting on the 13 January 2010 the Cabinet calculated the following amounts for the year 2010/11 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

- (i) 38,448 being the amount calculated by the Council, in accordance with the regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year.

- (ii) For part of the Council's area:-

Kidsgrove	7,179
Loggerheads	1,944
Audley	2,651
Betley, Balterley and Wrinehill	583
Chapel and Hill Chorlton	197
Keele	337
Madeley	1,510
Maer	249
Silverdale	1,389
Whitmore	797

Being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

- (g) That the following amounts be now calculated by the Council for the year 2010/11 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
  - (i) £60,875,019 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.

- (ii) £42,657,320 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
- (iii) £18,217,699 being the amount by which the aggregate at (g)(i) above exceeds the aggregate at (g)(ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (iv) £11,063,940 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant reduced by the amount of the sums which the Council estimates will be transferred in the year from its general fund to its collection fund in accordance with Section 97(4) of the Local Government Finance Act 1988 (Council Tax Deficit).
- (v) £186.06 being the amount at (g) (iii) above less the amount at (g) (iv) above, all divided by the amount at (f) (i) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
- (vi) £351,049 being the aggregate amount of all special items referred to in Section 34 (1) of the Act.
- (vii) £176.93 being the amount at (g) (v) above less the result given by dividing the amount at (g) (vi) above by the amount at (f) (i) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (viii) **Part of the Council's Area**

Audley Parish Council	£194.46
Betley, Balterley and Wrinehill Parish Council	£194.31
Chapel and Hill Chorlton Parish Council	£185.56
Keele Parish Council	£195.25
Kidsgrove Town Council	£191.78
Loggerheads Parish Council	£198.53
Madeley Parish Council	£249.78
Maer Parish Council	£195.94
Silverdale Parish Council	£184.49
Whitmore Parish Council	£192.93

Being the amounts given by adding to the amount at (g) (vii) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at (f) (ii) above calculated by the Council in accordance with Section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(ix)

**Valuation Bands**

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
<b><u>Part of the Council's Area</u></b>								
Kidsgrove Town Council	127.86	149.16	170.47	191.78	234.40	277.01	319.64	383.56
Loggerheads Parish Council	132.36	154.41	176.47	198.53	242.65	286.76	330.89	397.06
Audley Parish Council	129.64	151.24	172.85	194.46	237.68	280.89	324.10	388.92
Betley, Balterley and Wrinehill Parish Council	129.54	151.13	172.72	194.31	237.49	280.67	323.85	388.62
Chapel and Hill Chorlton Parish Council	123.71	144.32	164.94	185.56	226.80	268.03	309.27	371.12
Keele Parish Council	130.17	151.86	173.55	195.25	238.64	282.03	325.42	390.50
Madeley Parish Council	166.52	194.27	222.02	249.78	305.29	360.79	416.30	499.56
Maer Parish Council	130.63	152.39	174.17	195.94	239.49	283.02	326.57	391.88
Whitmore Parish Council	128.62	150.05	171.49	192.93	235.81	278.68	321.55	385.86
Silverdale Parish Council	123.00	143.49	163.99	184.49	225.49	266.48	307.49	368.98
Other Parts of Borough Area	117.96	137.61	157.27	176.93	216.25	255.56	294.89	353.86

Being the amounts given by multiplying the amounts at (g)(vii) and (g)(viii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (h) That it be noted that for the year 2010/11 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

**Precepting Authority**

**Valuation Bands**

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Staffordshire County Council	685.87	800.19	914.50	1028.81	1257.43	1486.06	1714.68	2057.62
Staffordshire Fire Authority	45.09	52.61	60.12	67.64	82.67	97.70	112.73	135.28
Staffordshire Police Authority	118.41	138.14	157.88	177.61	217.08	256.55	296.02	355.22

- (i) That having calculated the aggregate in each case of the amounts at (g) (ix) and (h) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2009/10 for each of the categories of dwelling shown below:-

**Valuation Bands**

	A	B	C	D	E	F	G	H
<b><u>Part of the Council's Area</u></b>	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Kidsgrove Town Council	977.23	1140.10	1302.97	1465.84	1791.58	2117.32	2443.07	2931.68
Loggerheads Parish Council	981.73	1145.35	1308.97	1472.59	1799.83	2127.07	2454.32	2945.18
Audley Parish Council	979.01	1142.18	1305.35	1468.52	1794.86	2121.20	2447.53	2937.04
Betley, Balterley and Wrinehill Parish Council	978.91	1142.07	1305.22	1468.37	1794.67	2120.98	2447.28	2936.74
Chapel and Hill Chorlton Parish Council	973.08	1135.26	1297.44	1459.62	1783.98	2108.34	2432.70	2919.24
Keele Parish Council	979.54	1142.80	1306.05	1469.31	1795.82	2122.34	2448.85	2938.62
Madeley Parish Council	1015.89	1185.21	1354.52	1523.84	1862.47	2201.10	2539.73	3047.68
Maer Parish Council	980.00	1143.33	1306.67	1470.00	1796.67	2123.33	2450.00	2940.00
Whitmore Parish Council	977.99	1140.99	1303.99	1466.99	1792.99	2118.99	2444.98	2933.98
Silverdale Parish Council	972.37	1134.43	1296.49	1458.55	1782.67	2106.79	2430.92	2917.10
Other Parts of Borough Area	967.33	1128.55	1289.77	1450.99	1773.43	2095.87	2418.32	2901.98

**APPENDIX 'G'**  
**(Yellow Paper)**

**REVENUE ESTIMATES 2010/11**

**STATEMENT OF NET EXPENDITURE AND COUNCIL TAX REQUIREMENTS**

Topic Area	2009/10 General Fund		2010/11 General Fund	
	Estimate 2009/10	Basic Band D Council Tax	Estimate 2010/11	Basic Band D Council Tax
Administration Before Recharges to Services	10,216,750	265.07	10,545,640	274.29
Less Recharges to Services	(10,216,750)	(265.07)	(10,545,640)	(274.29)
Total Administration Net of Recharges	-	-	-	-
Central Services	4,529,900	117.52	4,306,730	112.01
Cultural Services	5,393,430	139.93	5,344,110	139.00
Environmental Services	8,135,560	211.08	7,821,540	203.43
Planning	1,075,170	27.90	1,418,800	36.90
Transport	903,300	23.44	949,070	24.69
Housing	2,823,560	73.26	2,613,040	67.96
<b>Net Cost of Services</b>	<b>22,860,920</b>	<b>593.13</b>	<b>22,453,290</b>	<b>583.99</b>
Pensions Liabilities Account - Interest Costs Less Return on Assets	40,000	1.04	40,000	1.04
Interest and Investment Income	(1,197,480)	(31.07)	(482,700)	(12.55)
<b>Net Operating Expenditure</b>	<b>21,703,440</b>	<b>563.10</b>	<b>22,010,590</b>	<b>572.48</b>
Contribution to/(from) Revenue Reserves	(1,461,020)	(37.90)	(1,406,810)	(36.59)
Contribution to/(from) Capital Reserves	(1,037,590)	(26.92)	(1,096,800)	(28.53)
Contribution to/(from) Pension Reserve	(129,330)	(3.36)	(129,330)	(3.36)
Deferred Charges Write-off	(1,511,000)	(39.20)	(1,511,000)	(39.30)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>17,564,500</b>	<b>455.72</b>	<b>17,866,650</b>	<b>464.70</b>
Revenue Support Grant	(2,040,490)	(52.94)	(1,579,070)	(41.07)
NNDR Pool Receipts	(8,840,440)	(229.37)	(9,500,020)	(247.09)
Collection Fund Deficit/(Surplus)	35,150	0.91	15,150	0.39
<b>Borough Council Tax Requirement</b>	<b>6,718,720</b>	<b>174.32</b>	<b>6,802,710</b>	<b>176.93</b>
Staffs C.C. Precept		1,009.61		1,028.81
Fire Authority Precept		65.73		67.64
Police Authority Precept		172.71		177.61
<b>Total Council Tax Requirement</b>		<b>1,422.37</b>		<b>1,450.99</b>

The Council Tax Base used in the above table was fixed by the Cabinet at its meeting on  
13 January 2010 at 38,448

**ESTIMATED RESERVES**

<b>Reserve</b>	<b>Actual Balance at 31 March 2009</b>	<b>Estimated Net movement in 2009/10</b>	<b>Estimated Balance at 31 March 2010</b>	<b>Purpose</b>	<b>Notes</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>		
General Fund Balance	1,750	-	1,750	Working balance to cover unforeseen adverse events affecting the budget	Approved minimum balance is £1,750,000, as confirmed by risk assessment
Special Projects (Economic Development) Fund	883	-	883	To fund capital schemes, although since it is of revenue origin it can be used for revenue purposes	Balance committed to finance capital expenditure
Insurance Fund	966	(321)	645	Earmarked to cover any self insured claims against the Council	
Contingency Reserve	1,074	(48)	1,026	To meet cost of unforeseen contingencies or for any other purpose approved by the Council	Approved minimum balance is £100,000
Equipment Replacement Fund	511	(405)	106	To pay for the replacement of certain items of plant and equipment, eg, cremators	
Renewals and Repairs Fund	269	(260)	9	To meet the cost of repairs and maintenance of Council owned buildings and structures	Transfer of £400,000 recommended from the Contingency Reserve Fund.
ICT Development Fund	1,492	(93)	1,399	To meet the cost of new IT requirements	balance committed to finance capital expenditure
New Initiatives Fund	767	(391)	376	To fund new initiatives, both capital and revenue	Also earmarked to cover costs arising from loss of exempt VAT status (c£100,000 per annum, should this occur)
Organisational Development Fund	335	-	335	To meet costs arising from the implementation of Single Status arrangements for employees (eg, pay protection) or of other organisational changes	

<b>Reserve</b>	<b>Actual Balance at 31 March 2009</b>	<b>Estimated Net movement in 2009/10</b>	<b>Estimated Balance at 31 March 2010</b>	<b>Purpose</b>	<b>Notes</b>
Budget Support Fund	2,407	(793)	1,614	To support the General Fund revenue budget or to meet the cost of specific items approved by the Council	Sums are received from developers to pay for a period of maintenance costs following transfer of land to the Council
Conservation and Heritage Fund	66	16	82	To provide grants to owners of historic buildings to maintain their repair	
Museum Purchases Fund	87	-	87	To purchase exhibits and to conserve and enhance the display of exhibits	
Maintenance Contributions	205	(35)	170	To fund maintenance costs of land transferred to the Council	
RENEW Reserve	250	(220)	30	To meet revenue costs arising from participation in the Housing Market Renewal Pathfinder for N Staffordshire (RENEW)	
Change Management Fund	163	-	163	To support the Council's change management programme	
Standards Fund	100	-	100	To ensure the Council meets its responsibilities under the ethical and other standards frameworks	
LABGI Reserve	1,130	(1,130)	-	For any purpose determined by the Council (capital or revenue)	
Deposit Guarantee Reserve	18	2	20	To hold balances relating to rent guarantees	Financing Lancaster Buildings refurbishment uses this up.

## Risk Register

### Project – Budget Forecast 2010/11

<b>Impact (I)</b>	<b>Likelihood (L)</b>	<b>Score</b>	<b>Risk rating</b>
5 - Catastrophic >£1m	5 - Frequent / very likely	16 - 25	Extreme Risk
4 - Critical <£1m	4 - Probable	9 - 15	High Risk
3 - Serious <£250,000	3 - Possible	3 - 8	Moderate Risk
2 - Marginal <£50,000	2 - Remote Chance	1 - 2	Low Risk
1 - Negligible <£25,000	1 - Extremely Unlikely		

Note: All these risks relate to the following Business Objective: To set a balanced, affordable and achievable budget.

### All of the risks fall into the “Finance” Category

<b>Item No.</b>	<b>Risk</b>	<b>Potential Consequences</b>	<b>Risk Score I * L</b>	<b>Risk Rating</b>	<b>Specify Existing Control Measures</b>	<b>Final Score I * L</b>	<b>Final Risk Rating</b>	<b>Further Action Required</b>	<b>Owner</b>	<b>Target Date</b>
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances £200k set aside to cover the potential effects on income of the current economic climate	3 x 3	High	None	Exec Mgt Team	N/a
2	Income cannot be collected because of non-availability of service (e.g. through closure of facilities for repairs)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
3	Income falls short of Budget because of general reduction in activity, eg, because of economic recession	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances £200k set aside to cover the potential effects on income of the current economic climate	3 x 3	High	None	Exec Mgt Team	N/a

Item No.	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
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a bad debts provision (£639k balance at 31/03/09).	3x 3	Moderate	Increase monitoring of collection performance	Exec Dir Resources	N/a
5	Single Status – additional unbudgeted costs for successful appeals, market force supplements etc	Potential substantial additional costs	4 x 3	High	Reserves and Balances substantial	3 x 3	High	Seek independent legal advice for potential claims	Exec Mgt Team	N/a
6	Employee budgets – The budget is discounted on the assumption there will be vacancies. The impact of 1% vacancy is about £100,000	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 4.5%. This is realistic compared with experience from previous years.	3 x 3	High	None	Exec Mgt Team	N/a
7	Employee Budgets - The 2008/09 employee pay settlement results in an increase higher than the 1% included in the budget.	Additional unbudgeted costs	3 x 3	High	Balances sufficient to deal with any additional costs General inflation reducing rapidly plus reduced job security in economy	3 x 3	High	None	Exec Mgt Team	N/a
8	Problems with staff recruitment/retention result in significant use of agency/interim staff at extra cost or the payment of market supplements	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	N/a
9	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
10	Inflation relating to supplies and services exceeds the allowance in the budget (2.25%)	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
11	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison.	3 x 2	Moderate	None	Exec Mgt Team	N/a
12	Fall in interest rates reduces income to the Council.	Investment income targets not met	4 x 4	High	Rates are very low now. A decrease would make only a relatively small difference.	3 x 3	High	None	Exec Mgt Team	N/a

Item No.	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
					Included in calculation of prudent minimum balances					
13	Profile of capital spend differs adversely from that assumed in the investment interest calculation	Investment income targets not met	3 x 3	High	Capital Budgets have been realistically set.	3 x 3	High	None	Exec Mgt Team	N/a
14	Fuel costs increase by more than 11% allowed for in budget.	Additional unbudgeted costs	2 x 3	Moderate	Realistic increases included in base budget	3 x 3	High	None	Exec Dir Op Serv	N/a
15	Energy costs increase by more than 25% allowed for in budget	Additional unbudgeted costs	2 x 3	Moderate	Realistic increases included in base budget (53% electric, 42% gas) Fixed contracts	3 x 3	High	None	Exec Mgt Team	N/a
16	Concessionary Fares scheme – costs cannot be contained within budget provision, e.g. owing to fare rises or increased travel or reductions in grant from government	Additional unbudgeted costs	4 x 3	High	Already identified as a significant risk area within the budget and, therefore, will be monitored on an ongoing basis. Staffs CC who manage the scheme to supply regular updates on cost.	3 x 3	High	None	Exec Dir Resources	N/a
17	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Chief Exec	N/a
18	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	High	Monitor level of Insurance Provision	Chief Exec	N/a
19	Government increase NI rates during 2010/11. An increase of 1% adds about £100,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Dir Resources	N/a
20	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	New Initiatives Fund earmarked to meet additional revenue costs	1 x 2	Low	Continue to monitor position regularly	Exec Mgt Team	N/a
21	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	Exec Mgt Team	N/a

Item No.	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
22	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available	3 x 3	High	None	Exec Mgt Team	N/a
23	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	3 x 3	High	Monitor partnership activities and ensure carried out according to agreements. Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
24	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme should meet 85% of cost	4 x 2	Moderate	None	Exec Mgt Team	N/a
25	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	4 x 3	High	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay Limits to investments with one counterparty	3 x 3	High	Frequent reviews of investment strategy	Exec Dir Resources	N/a

**APPENDIX 'J'**  
**(Lavender Paper)**

**NEWCASTLE-U-LYME BOROUGH COUNCIL CAPITAL PROGRAMME 2009/10 - 2011/12**

Scheme	Corporate Priorities	2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
		£	£	£	£
<b>Customer Service &amp; Transformation</b>					
Customer Access Development	d	60,500			60,500
Kids Customer Service Centre/ICT Disaster Rec	d	345,000	10,000		355,000
<b>Totals</b>	a b c d	<b>405,500</b>	<b>10,000</b>	<b>0</b>	<b>415,500</b>

Scheme	Corporate Priorities	2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
		£	£	£	£
<b>Safer &amp; Stronger Communities</b>					
Wereton Road Bridge Works	a c	73,500			73,500
Parkhouse/Lymedale CCTV Maintenance	a b d	10,000	10,000		20,000
CCTV Replacement Equipment	a b	105,000	95,000		200,000
<b>Totals</b>	a b c d	<b>188,500</b>	<b>105,000</b>	<b>0</b>	<b>293,500</b>

Scheme	Corporate Priorities	2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
		£	£	£	£
<b>Culture &amp; Active Communities</b>					
Replacement/Repair of Play Equipment	a c	150,000	150,000		300,000
Chesterton Park Bowls Pavilion	a c	262,300	5,000		267,300
Bateswood Bridle Path Feasibility Study	a c	5,000			5,000
Thistleberry Parkway Play Area	a c	97,300			97,300
Leisure, Health & Wellbeing Centre	a b c d	275,000	2,888,000	8,064,600	11,227,600
Cont to Madeley Community Dev Project	a c	78,000	82,000		160,000
Health Projects Lyme Valley/Bathpool Park	a c	82,800			82,800
Cont to New Vic Theatre Workspace Initiatives	a c	25,000			25,000
Silverdale Mining Memorial Renovation	a	5,300			5,300
The Butts Footpaths Improvements	a c	14,000			14,000
Land Purchase	a c		10,000		10,000
Neighbourhood Park The Wammy	a c	497,600			497,600
<b>Totals</b>	a b c d	<b>1,492,300</b>	<b>3,135,000</b>	<b>8,064,600</b>	<b>12,691,900</b>

Scheme	Corporate Priorities	2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
		£	£	£	£
<b>Neighbourhoods &amp; Regeneration</b>					
HIP Renewal Grants/Loans	a c	1,392,000	1,342,000	1,342,000	4,076,000
Knutton Heritage Scheme	a	49,100			49,100
HIP Disabled Facilities Grants	a c	800,000	800,000	800,000	2,400,000
Housing (HMR and other areas)*	a b d	75,000	147,300		222,300
Newcastle Town Centre Works	a b d	90,700	409,300		500,000
Choice Based Lettings	c	106,000			106,000
Ecohomes Project	b c	213,900			213,900
Future Housing Projects	b c		415,000	415,000	830,000
Collins and Aikman	b c	300,000			300,000
Madeley Extracare Contribution	b c	115,000			115,000
Stock Condition Survey Repairs/DDA Works	a b c d	157,600			157,600
Stock Condition Survey Repairs/DDA Works Ph2	a b c d	440,000	417,000		857,000
Lancaster Buildings	a b c d	2,178,400	92,500		2,270,900
New Depot Entrance	a e	10,000	30,000		40,000
Strategic Gateways	b	200,000	200,000		400,000
Galleys Bank Pilot House	a	50,000	5,000		55,000
Land Purchase/Feasibility Studies	a b c d	41,900			41,900
Midway MSCP Repair Works	a	80,000	1,920,000		2,000,000
Strategic Investment Framework	b	100,000			100,000
Land/Property Purchase	a	800			800
<b>Totals</b>	<b>a b c d</b>	<b>6,400,400</b>	<b>5,778,100</b>	<b>2,557,000</b>	<b>14,735,500</b>

Notes -

Note 1

Housing (HMR and other areas)

Individual Projects -

Knutton Env Imps Contribution	a c	75,000	
English Heritage Partnership Scheme		147,300	
		<u>222,300</u>	

Note 2

Although the Housing (HMR and other areas) projects have no direct external funding they represent the Council's contribution to the Housing Market Renewal Pathfinder (RENEW) programme. This demonstrates the Council's commitment to RENEW and helps generate considerable external funding from central government. To date, projects for which this fund has been used have attracted contributions of some £1.4m from the RENEW programme.

Scheme	Corporate Priorities	2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
		£	£	£	£
<b>Environment &amp; Recycling</b>					
Pool Dam Valley Marshes Nature Reserve	a b	23,000	24,000		47,000
Madeley Pool Embankment Repairs	b d	17,400			17,400
Cemetery Memorial Safety Programme	a	30,700	20,000		50,700
Public Lighting - Footpaths etc	a	4,700			4,700
Site Investigation Replacement Burial Facility	a d	4,400			4,400
Replacement Cemetery	a d	1,859,500	100,000		1,959,500
Audley Burial Facilities	a d	256,000			256,000
Meadow Creation (Invest to Save)	a c	7,000			7,000
Waste Management Strategy - New Containers	a	920,000			920,000
<b>General Projects</b>					

Final Accounts & Retentions Various				36,300			36,300	
Totals	a	b	c	d	3,159,000	144,000	0	3,303,000

Scheme	Corporate Priorities				2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
					£	£	£	£
<b>FUNDED FROM REVENUE - Operational Hire/ICT Development Fund</b>								
Refuse Vehicle Fleet	a			d	1,517,500			1,517,500
ICT PC Replacements	a			d	68,000	58,000	58,000	184,000
ICT Replacement Servers	a			d	117,200	87,000	56,000	260,200
ICT Civic to Depot H2O				d	35,000			35,000
ICT Enterprise Vault/Email Archiving				d	2,300			2,300
ICT Civic Offices Network Upgrade				d	3,500			3,500
ICT Interim Disaster Recovery Site				d	17,000			17,000
ICT Encryption Project				d	9,500			9,500
Customer Relationship Management				d	64,700			64,700
IEG - GIS Implementation				d	109,400	24,000	10,000	143,400
ICT Projects				d	49,600			49,600
ICT Pericles Replacement				d	80,600	169,400		250,000
New Cremators/Mercury Abatement Equip.	a				863,000			863,000
Streetscene Equipment	a			d	81,700			81,700
<b>Totals</b>	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>3,019,000</b>	<b>338,400</b>	<b>124,000</b>	<b>3,481,400</b>

<b>GRAND TOTAL</b>	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>14,664,700</b>	<b>9,510,500</b>	<b>10,745,600</b>	<b>34,920,800</b>
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Corporate Priorities -

- a Creating a Cleaner, Safer and Sustainable Borough
- b Creating a Borough of Opportunity
- c Creating a Healthy and Active Community
- d Transforming our Council to Achieve Excellence

Sources of Funding	2009/10 Est Exp	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
	£	£	£	£
Special Projects Fund	0	0	883,330	883,330
Plant Account	477,000	0	0	477,000
Other Revenue Funds	1,314,267	250,000	0	1,564,267
Capital Receipts	8,015,633	6,458,500	8,160,270	22,634,403
External Grants/Contributions	4,857,800	2,802,000	1,702,000	9,361,800
<b>Capital Programme</b>	<b>14,664,700</b>	<b>9,510,500</b>	<b>10,745,600</b>	<b>34,920,800</b>