

**To: Deputy Leader and Members of the Resources Board  
(Councillors Moore, Butcher, Davis, N Dirveiks,  
Forwood, Holland, Johnston, Smith and Winter)  
For the information of other Members of the Council**

**For general enquiries please contact Emma Humphreys/Amanda Tonks on 01827 719221 or via email – [emmahumphreys@northwarks.gov.uk](mailto:emmahumphreys@northwarks.gov.uk) or [amandatonks@northwarks.gov.uk](mailto:amandatonks@northwarks.gov.uk).**

**For enquiries about specific reports please contact the Officer named in the reports.**

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## **RESOURCES BOARD AGENDA**

**3 September 2012**

The Resources Board will meet in the Committee Room at The Council House, South Street, Atherstone, Warwickshire on Monday, 3 September 2012 at 6.30pm.

### **AGENDA**

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests.**

- 4 **Request for discussion and approval of remaining En Bloc items.**
- 5 **Minutes of the Resources Board held on 2 April and 11 June 2012.**

**PART A – ITEMS FOR DISCUSSION AND DECISION  
(WHITE PAPERS)**

- 6 **Contract Standing Orders** – Report of the Assistant Director (Corporate Services)

**Summary**

This report seeks approval for the revised Contract Standing Orders.

The Contact Officer for this report is Linda Bird (719327).

- 7 **Amendments to Financial Regulations** – Report of the Assistant Director (Finance and Human Resources)

**Summary**

This report is to inform Members of some proposed amendments to the Financial Regulations.

The Contact Officer for this report is Sue Garner (719374).

- 8 **Annual Investment Strategy 2012/13** – Report of the Deputy Chief Executive

**Summary**

This report proposes some revisions to the Annual Investment Strategy for 2012/13 previously approved by Council.

The Contact Officer for this report is Sue Garner (719374).

- 9 **A Review of the Effectiveness of Internal Audit 2011-12** – Report of the Deputy Chief Executive

**Summary**

The report allows the Board to consider the annual review of the effectiveness of the system of Internal Audit.

The Contact Officer for this report is Barbara Haswell (719416).

- 10 **Housing Revenue Account Budgetary Control Report 2012/2013 Period Ended 31 July 2012** - Report of the Assistant Director (Finance and Human Resources)

### **Summary**

The report covers total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 July 2012.

The Contact Officer for this report is Nigel Lane (719371).

- 11 **Land at Ansley Common** – Report of the Assistant Director (Leisure and Community Development)

### **Summary**

This report advises Members of a proposal to surrender the lease on a parcel of land formerly known as Ansley Tennis Courts at Ansley Common.

The Contact Officer for this report is Alethea Wilson (719212).

## **PART B – ITEMS FOR EN BLOC DECISIONS (YELLOW PAPERS)**

- 12 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - June 2011**– Report of the Chief Executive and Deputy Chief Executive.

### **Summary**

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April to June 2012.

The Contact Officer for this report is Robert Beggs (719238).

- 13 **Internal Audit – Performance for First Quarter 2012-13** – Report of the Deputy Chief Executive.

### **Summary**

The report allows the Board to monitor the progress of the Council's Internal Audit function against the agreed plan of work for the year.

The Contact Officer for this report is Barbara Haswell (719416).

- 14 **Budgetary Control Report 2012/13 - Period Ended 31 July 2012** – Report of the Assistant Director (Finance and Human Resources)

**Summary**

The report covers revenue expenditure and income for the period from 1 April 2012 to 31 July 2012. The 2012/13 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

The Contact Officer for this report is Nigel Lane (719371).

- 15 **Consolidated Budgetary Control Report 2012/13 - Period Ended 31 July 2012** – Report of the Assistant Director (Finance and Human Resources)

**Summary**

The report covers total Council General Fund revenue expenditure and income for the period from 1 April 2012 to 31 July 2012.

The Contact Officer for this report is Nigel Lane (719371).

- 16 **Capital Programme 2012/2013 Period Ending July 2012** - Report of the Assistant Director (Finance and Human Resources)

**Summary**

The report updates Members on the progress of the 2012/13 Capital Programme in terms of both expenditure and outcomes.

The Contact Officer for this report is Jon Illingworth (719489).

- 17 **Pay to Stay Consultation Paper** – Report of the Assistant Director (Housing)

**Summary**

This report provides information on the Government's recent 'Pay to Stay' Consultation.

The Contact Officer for this report is Angela Coates (719369).

- 18 **Minutes of the Housing Sub-Committee held on 9 July 2012 (copy herewith) to be received and noted.**

**PART C – EXEMPT INFORMATION  
(GOLD PAPERS)**

19 **Exclusion of the Public and Press**

**Recommendation:**

**That under Section 110A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

20 **Affordable Housing Developments** – Report of the Assistant Director (Housing)

The Contact Officer for this report is Angela Coates (719369).

21 **Public Conveniences** – Report of the Assistant Director (Streetscape)

The Contact Officer for this report is Richard Dobbs (719440).

22 **Irrecoverable Local Taxation and Housing Debts** – Report of the Assistant Chief Executive (Community Services)

The Contact Officer for this report is Mike Shaw (719338).

23 **Council Land in Atherstone** – Report of the Assistant Chief Executive and Solicitor to the Council and the Assistant Director Streetscape

The Contact Officer for this report is Steve Maxey (719438).

24 **The Arcade** – Report of the Assistant Director (Streetscape)

The Contact Officer for this report is Richard Dobbs (719440).

JERRY HUTCHINSON  
Chief Executive

# NORTH WARWICKSHIRE BOROUGH COUNCIL

## MINUTES OF THE RESOURCES BOARD

11 June 2012

Present: Councillor Moore in the Chair

Councillors Davis, N Dirveiks, Forwood, Holland, Johnston, Smith, Turley and Winter.

An apology for absence was received from Councillor Butcher (Councillor Turley as substitute).

Councillor Humphreys was also in attendance.

### 1 **Declarations of Personal or Prejudicial Interests**

Any personal interests arising from the membership of various Parish Councils of Councillors Davis (Atherstone), Moore (Baddesley) and Winter (Dordon) were deemed to be declared at the meeting.

Councillors Davis, Holland, Johnston and Smith declared a personal interest in Minute No 25 (Requests to Purchase a Licence to Occupy Garden Land in Shustoke) by reason of their political association with one of the prospective licensees and took no part in the discussion and voting thereon.

### 2 **Local Authority Mortgage Scheme**

The Assistant Director (Housing) and the Assistant Director (Finance and Human Resources) provided information on a Local Authority Mortgage Scheme set up by Sector Treasury Services, which the Authority could use to assist first time buyers to obtain mortgages in the North Warwickshire area.

#### **Resolved:**

- a That the set up costs identified in paragraph 10.1.4 of the report of the Assistant Director (Housing) and the Assistant Director (Finance and Human Resources) be approved;**

#### **Recommended:**

- b That the Council adopts the Local Authority Mortgage Scheme in accordance with the outline provided in the report of the Assistant Director (Housing) and the Assistant Director (Finance and Human Resources), and approves the following:**

- A total indemnity value of £2 million
  - A maximum loan size for the authority of £190,000
  - The qualifying post codes will be provided to the lender(s) in a schedule to the indemnity deed;
- c That the Council should indemnify the Monitoring Officer in respect of any personal liability he may incur by providing an opinion and providing the Lender with the Opinion Letter; and
- d That expenditure of £1 million be included in the Capital Programme for 2012/13.

### **3 Report of Members' Independent Remuneration Panel**

The Assistant Director (Finance and Human Resources) reported on the key recommendations of the Independent Remuneration Panel following a review of the current Members' Allowances Scheme.

#### **Recommended:**

- a That the Independent Remuneration Panel's report, as set out in Appendix A to the report of the Assistant Director (Finance and Human Resources), be noted; and
- b That the following be approved:
- 1) That the Basic Allowance of £4,942, remains unaltered;
  - 2) That the Special Responsibility Allowance for the Leader of the Council remains unaltered;
  - 3) That the Portfolio Holder for Health, Wellbeing and Leisure continues to receive an SRA of £1,745 from the date the Member took up the post;
  - 4) That the Vice Chairs (with portfolio responsibilities) of Community and Environment and Resources Boards are paid an SRA of £1,745 from the date the Members took up their posts;
  - 5) That the Chairs of Housing and Safer Communities Sub-Committees be paid an SRA of £1,745 from the date the Members took up their posts;
  - 6) That the Chairs of the Area Forums receive an SRA of £873, to be implemented from the start of 2012/13 Municipal Year;
  - 7) That the SRA, and the qualifying criteria, paid to Members for serving on Appeals Panels remains unaltered;
  - 8) That the decision to give authority for Members to join the Local Government Pension Scheme be refreshed for another four years;

- 9) That no change is made to the current Co-optee allowance paid to the Independent (co-opted) Chair of the Standards Committee, currently £293, noting that the post will lapse at the end of June 2012 and no longer be payable;
- 10) That subsistence within the Borough is not claimable, except in exceptional circumstances as defined by the person calling the meeting, with the approval of the Monitoring Officer, to be implemented from the start of 2012/13 Municipal Year;
- 11) That subsistence and overnight accommodation allowance outside the Borough should mirror the same rates that are applicable to Officers and that they should only be reimbursed upon production of receipts;
- 12) That no changes are made to the current definition and scope of approved duties for which Members can claim travel allowances;
- 13) That the HMRC Approved Mileage Allowance Payment rates be used for claims for approved duties, to be implemented from the start of 2012/13 Municipal Year;
- 14) That the HMRC passenger supplement rate be adopted for carrying fellow Councillors to an approved duty, to be implemented from the start of 2012/13 Municipal Year;
- 15) That no changes are made to current rates and conditions to the Travel Allowance scheme where Members travel by public or other means of transport;
- 16) That there are no changes to the scope or levels payable in the Dependent Carer's Allowance Scheme, other than that the child care maximum rate should be the minimum wage;
- 17) That Basic Allowances, SRAs, Co-optees Allowances (if still payable) and Travel and Subsistence Allowances be frozen until the Council asks the Panel to undertake a further review of allowances; and
- 18) That Members note that the freezing of Allowances does not apply to Dependent Carer Allowance.

#### 4 Council Property

The Assistant Director (Streetscape) reported on the issues raised by the recent Industrial Units Scrutiny Project as reported to the Board on 2 April 2012, and the wider issue of the state of the Council's property assets and the approach which might be adopted to manage them in the future.



**Resolved:**

- a That Officers approach commercial letting agents for proposals and costs to increase occupancy levels in the Council's industrial units;**
- b That the draft timetable for reviewing the Council's corporate property as set out in Appendix A to the report of the Assistant Director (Streetscape) be noted; and**
- c That the format of the proposed Property Management Plans be noted.**

**5 PDM Group – Application for Consent to Install a New Tallow Farm Storage Facility**

The Assistant Director (Streetscape) sought Members' consent for the installation of a tallow farm storage facility (subject to the granting of appropriate planning permission) on land owned by the Borough Council which was leased to PDM Group.

**Resolved:**

**That the installation of a new Tallow Farm storage facility on land at Mancetter Road, Hartsilll be consented to, subject to appropriate planning consent for the proposed facility being acquired by the Lessee.**

**6 Borough Care Service Review**

The Assistant Director (Housing) updated the Board on the progress of the Corporate priority to review the Borough Care service and proposed that a cross party task and finish group be set up to consider how the service should be delivered.

**Recommended:**

**That a cross party task and finish group be established to consider the Borough Care service and agree an improvement action plan.**

**7 Housing Revenue Account Budgetary Control Report 2012/2013 Period Ended 31 March 2012**

The Assistant Director (Finance and Human Resources) reported on the total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 May 2012.

**Resolved:**

**That the report be noted and that the figure contained in the Business Plan column in Appendix A to the report of the Assistant Director (Finance and Human Resources) be accepted.**

**8 Members' Allowances Out-turn for 2011/12**

The Assistant Director (Finance and Human Resources) advised Members of the allowances paid for 2011/12 and that the Council had a duty to publish the amounts paid under the Members' Allowance Scheme.

**Resolved:**

**That the report be noted.**

**9 Annual Treasury Report for 2011/12**

The Deputy Chief Executive reported on the out-turn for 2011/12 and highlighted any areas of significance.

**Resolved:**

**a That the Annual Treasury Report for 2011/12 be noted;**

**b That the Prudential Indicators set out in Appendix A to the report of the Deputy Chief Executive be noted; and**

**Recommended:**

**c That the Annual Treasury Report be approved.**

**10 Collection Progress for Sundry Debts 2011/12 and Prompt Payment of Creditor Invoices, LPI8**

The Assistant Director (Finance and Human Resources) advised Members of the collection progress for Sundry Debts in 2011/12 and highlighted the performance of the local performance indicator, LPI8, Prompt Payment of Creditor Invoices.

**Resolved:**

**That the performance as set out in the report of the Assistant Director (Finance and Human Resources) be noted.**

**11 Risk Management Annual Report 2011/12**

The Assistant Director (Finance and Human Resources) informed Members of the progress made on Risk Management during 2011/12.

**Resolved:**

**That the report be noted.**

**12 Procurement and Commissioning Strategy Action Plan 2012-2013**

The Assistant Director (Corporate Services) presented to Members the Procurement and Commissioning Strategy Action Plan for 2012/13.

**Resolved:**

**That the Strategy Action Plan 2012/13 attached as Appendix A to the report of the Assistant Director (Corporate Services), be approved.**

**13 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April – March 2012**

The Chief Executive and the Deputy Chief Executive informed Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April to March 2012.

**Resolved:**

**That the report be noted.**

**14 Internal Audit – Performance for 2011/12**

The Deputy Chief Executive reported on the progress of the Council's Internal Audit function against the agreed plan of work for the year.

**Resolved:**

**That the report be noted.**

**15 Treasury Management Revised Lending List**

The Deputy Chief Executive sought approval for a revised Treasury Management Lending List.

**Resolved:**

**That the revised lending list be agreed.**

**16 Budgetary Control Report 2012/13 Period Ended 31 May 2012**

The Assistant Director (Finance and Human Resources) reported on the revenue expenditure and income for the period from 1 April 2012 to 31 May 2012. The 2012/13 budget and the actual position for the period, compared with the estimate at that date were detailed, together with an estimate of the out-turn position for services reporting to the Board.

**Resolved:**

**That the report be noted.**

**17 Consolidated Budgetary Control Report 2012/13 – Period Ended 31 May 2012**

The Assistant Director (Finance and Human Resources) reported on the total Council General Fund revenue expenditure and income for the period from 1 April 2012 to 31 May 2012.

**Resolved:**

**That the report be noted.**

**18 Capital Programme 2012/13 Period Ending May 2012**

The Assistant Director (Finance and Human Resources) updated Members on the progress of the 2012/13 Capital Programme in terms of both expenditure and outcomes.

**Resolved:**

**That the progress made against the 2012/13 Capital Programme be noted.**

**19 Minutes of the Housing Sub-Committee held on 17 April 2012**

The minutes of the Housing Sub-Committee held on 17 April 2012 were received and noted.

**20 Exclusion of the Public and Press**

**Resolved:**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

21 **Land at Atherstone**

The Assistant Director (Streetscape) gave a verbal report on the current position with regards to the access road to Phoenix Yard and discussions between interested parties.

**Resolved:**

**That the Assistant Director (Streetscape) keep the Chair, Vice-Chair and Shadow Chair of the Board updated on any developments with regards to the access road to Phoenix Yard and a further report on the outcome of the continuing discussions and any resultant actions be brought back to the Board at its next meeting.**

22 **GPS System for Transport Fleet**

The Assistant Director (Streetscape) and Assistant Director (Housing) sought approval for the installation and use of a GPS system in 58 vehicles within the Council's Streetscape and Housing Divisions on a three year lease in order to improve fuel efficiency, integrate with and enhance existing fleet management systems, generate potential savings across the transport fleet and assist in the efficient management of frontline services.

**Resolved:**

- a That the installation and use of the TomTom system across 58 vehicles on a 36 month lease be approved; and**
- b That Contract Standing Order 5.5(4) is invoked to enable the purchase of the TomTom solution due to its compatibility with the existing Fleetcheck system.**

23 **Affordable Housing Developments – Atherstone and Mancetter**

The Assistant Director (Housing) reported on a proposed partnership approach to developing a number of affordable housing schemes in Atherstone and Mancetter and provided the Board with details about the schemes and how we could work in partnership to provide new build to add to the Council's own stock.

**Recommended:**

- a That the Council work in partnership with Waterloo Housing Association to develop affordable homes in Atherstone and Mancetter in the way described in the report of the Assistant Director (Housing);**

- b** That Contract Standing Orders relating to the requirement for competition are waived on the basis that no genuine competition can be obtained as grant funding can only be assessed, at this time, through a consortium relationship with Waterloo Housing;
- c** That the Council redevelop its land and properties at Church Walk, Mancetter to provide for new affordable flats and houses. That the flats be developed for Council ownership and the houses for Waterloo's ownership at the value per plot as set out in the report of the Assistant Director (Housing);
- d** That the Council redevelop its land and properties at Lister Road, Atherstone to provide for new affordable homes for rent and shared ownership in partnership with Waterloo Housing Group and types of property, tenure and ownership to be subject to a further report to the Resources Board;
- e** That the Housing Division consider the viability of redeveloping its land at St Georges Road, Princess Road and Lister Road (Garage Plots) Atherstone to provide for 2 bedroom bungalows for Council ownership for rent;
- f** That the Council's land at Watling Street, Atherstone be sold to Waterloo Housing Association to provide for affordable homes for rent at the value per plot as set out in the report of the Assistant Director (Housing);
- g** That some of the reward monies being held by the County Council to fund affordable housing in the Borough be used to fund the development at Church Walk, Mancetter because the site presents a number of abnormal issues; and
- h** That following community consultation about the Atherstone sites and further site investigations to understand any risks posed to the developments, a firm proposal be brought back to the Board for consideration.

#### **24 Request to Purchase Land**

The Assistant Director (Housing) informed the Board about a request to purchase some of the Council's land in Old Arley

#### **Recommended:**

**That the request to purchase the piece of land in Old Arley shown in Appendix A to the report of the Assistant Director (Housing) be refused.**

**25 Requests to Purchase a Licence to Occupy Garden Land in Shustoke**

The Assistant Director (Housing) informed the Board about requests to occupy some of the Council's garden land in Shustoke on licence.

**Recommended:**

- a That, if the sale of 55 The Green, Shustoke goes ahead to the current prospective purchaser, they be offered a licence to occupy the Council's land adjacent to 55, 57 and 89 The Green, Shustoke; and**
- b That, if the sale of 55 The Green, Shustoke does not go ahead to the current prospective purchaser, the land adjacent to 55, 57 and 89 The Green, Shustoke be returned to the Council's ownership.**

J Moore  
Chairman

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### MINUTES OF THE RESOURCES BOARD

2 April 2012

Present: Councillor Moore in the Chair

Councillors Davis, L Dirveiks, N Dirveiks, Forwood, Johnston, Smith, Watkins and Winter.

An apology for absence was received from Councillor Morson (Councillor L Dirveiks as substitute).

Councillors Freer, Humphreys and Pickard were also in attendance.

#### 85 **Declarations of Personal or Prejudicial Interests**

Any personal interests arising from the membership of various Parish Councils of Councillors Davis (Atherstone), Moore (Baddesley) and Winter (Dordon) were deemed to be declared at the meeting.

#### 86 **Minutes**

The minutes of the meeting of the Board held on 30 January 2012, copies having previously been circulated, were approved as a correct record and signed by the Chairman.

#### 87 **The Council House and Old Bank House – Revised Fire Evacuation Procedures**

The Assistant Director (Streetscape) reported that Warwickshire Fire and Rescue Services had changed their policy on attending calls from automatic fire alarms which required amendments to be made to the Fire Evacuation procedure for both the Council House and Old Bank House.

#### **Resolved:**

**That the Revised Fire Evacuation Procedures for The Council House and Old Bank House be approved.**



**88 Depot Relocation – Lower House Farm**

The Assistant Director (Streetscape) updated Members on the results of Warwickshire County Council's tendering process in relation to Lower House Farm and recommended that Members confirmed their agreement to the relocation of the Council's refuse collection and garden waste collection services to the new facility once it was complete next year.

**Resolved:**

**That the Council's refuse collection and garden waste collection services be relocated to Lower House Farm once all necessary construction works have been completed.**

**89 Charges for Use of Sheltered Scheme Communal Rooms**

The Assistant Director (Housing) asked the Board to reconsider its decision to increase the charges for the use of the Council's sheltered scheme communal rooms.

**Resolved:**

**That the charges for the use of the sheltered scheme communal rooms are not increased in 2012/2013.**

**90 Internal Audit – Plan of Work for 2012-13**

The Deputy Chief Executive explained the basis upon which the Audit Plan for 2012-13 had been developed, using a variety of sources of information to ensure that all appropriate aspect of service activity had been embraced as part of the approved three year review programme.

**Resolved:**

**That the Audit Plan for 2012-13 be approved.**

**91 Information and Communications Technology Strategy 2012-2015**

The Assistant Director (Corporate Services) presented the Draft Information and Communications Technology (ICT) Strategy for 2012-2015 to Members for their consideration and comment.

**Resolved:**

**That the Draft information and Communications Technology (ICT) Strategy for 2012-2015 be agreed and referred to the Executive Board and Scrutiny Board for adoption.**

92 **Right to Buy Regulations**

The Assistant Director (Housing) provided Members with information about changes to the Right to Buy scheme being introduced by the Government.

**Resolved:**

- a **That the new arrangements for the Right to Buy introduced by the Government be noted; and**
- b **That the Council agrees to seek to sign up to an agreement to use up to 30% of the Right to Buy receipts for replacement homes.**

93 **Internal Audit – Performance for Third Quarter 2011-12**

The Deputy Chief Executive detailed the progress made in respect of the Council's Internal Audit function against the agreed plan of work for the year.

**Resolved:**

**That the progress made in respect of the Council's Internal Audit function against the agreed plan of work for 2011-12 be noted.**

94 **Financial Inclusion Activity Update**

The Assistant Chief Executive (Community Services) provided Members with an update of the Financial Inclusion activity undertaken by the Council and its partners in the last twelve to twenty four months.

**Resolved:**

- a **That the report be noted;**

**Recommendation to Council:**

- b **That a representative be nominated by each Political Group to attend the Financial Inclusion Forum.**

95 **Minutes of the Housing Sub-Committee held on 13 March 2012**

The minutes of the Housing Sub-Committee held on 13 March 2012 were received and noted.

96 **Exclusion of the Public and Press**

**Resolved:**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

97 **Requests to Purchase Land**

The Assistant Director (Housing) informed the Board about two requests to purchase land and proposed a different process for deciding about certain requests to purchase the Council's land in the future.

**Recommended:**

- a That the land be declared surplus to requirements;**
- b That any capital receipts received by the Council in connection with the sales of land be used for affordable housing;**
- c That the request to purchase the piece of land in Fillongley, as shown in Appendix A to the report of the Assistant Director (Housing), at the value proposed by the Council's Valuer be agreed; and**
- d That the request to purchase the piece of land in Polesworth as shown in Appendix B to the report of the Assistant Director (Housing), at the value proposed by the Council's Valuer be agreed.**

98 **Update on Industrial Units Scrutiny Project**

The Assistant Chief Executive and Solicitor to the Council asked the Board to consider the findings of the Sub-Group established by the Scrutiny Board to look into the Council's Industrial Units and to identify any further action to be taken.

**Resolved:**

**That the report be noted.**

99 **The Arcade**

The Assistant Director (Streetscape) summarised the various issues which related to the condition and long-term future of the Arcade, Atherstone and asked Members to decide on which option they wished to pursue.

**Resolved:**

- a That the Arcade, Atherstone be disposed of;**
- b That the refurbishment work allocated under the capital programme is not undertaken;**
- c That informal discussions be held with Atherstone Town Council and other interested community groups regarding potential interest in the Arcade, Atherstone; and**
- d That a further report be brought back to the Board outlining the outcome of any discussions and a preferred option.**

J Moore  
Chairman

**Agenda Item No 6**

**Resources Board**

**3 September 2012**

**Report of the Assistant Director  
(Corporate Services)**

**Contract Standing Orders**

**1 Summary**

1.1 This report seeks approval for the revised Contract Standing Orders.

**Recommendation to the Council**

**That the Draft Contract Standing Orders provided as Appendix 1 are approved.**

**2 Consultation**

2.1 Councillors Moore, Butcher and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

2.2 As required for Council Policy this report will also be submitted to the Executive Board for approval.

**3 Background**

3.1 Contract Standing Orders are a set of rules which primarily guide how the Council buys goods, services and works. Councils are legally obliged to have such rules and the rules must take account of European Union Treaty and Directives and National Legislation which governs procurement by the Public Sector.

3.2 The current Contract Standing Orders (CSO) were developed by Consultants and approved in March 2006. Minor amendments have been made in the intervening years to reflect changes to legislation.

3.3 The proposed draft CSO's, provided as Appendix 1, have been rewritten to try to make them easier to use, to address any anomalies that have been identified through their use and to accommodate developments in procurement good practice and the most recent legislative changes.

**4 Contract Standing Orders**

4.1 The main changes between the current CSO's, which are available on the Council's website, and those proposed are summarised below:-

- **Structure** - The structure of the document has been changed to ensure it follows a logical process from the start of a procurement exercise to the disposal of any asset.
- **Roles and Responsibilities** - The roles of different officers at specific points in the process has been clarified to help staff understand who is able to make decisions and at what value more senior decision makers need to be involved.
- **Legislation** - Changes as a result of the Bribery Act 2010, the Public Services (Social Value) Act 2012 and the Public Contract (amendment) Regulations have been incorporated.
- **Advertising** - The level (Level A) at which a Quote has to be advertised has been increase from £5,500 to £10,000. The requirement to advertise Tenders in trade press has been removed; officers can still choose to advertise if they feel it necessary and value for money.
- **Disposal** - A section has been added to cover the Disposal of Assets (Appendix 1 - section 15)
- **Variation** – The process for dealing with Contract Variations has been simplified and strengthened to ensure changes, which could take a contract over budget, are dealt with through Financial Services and in-line with Financial Regulations.
- **Exemptions** – Corrected the anomaly whereby there was no approval process for the use of an exemption to CSO's (Appendix 1 – section 6) where the procurement was valued at less than Level C (from £45,001).

4.2 Minor amendments to Contract Standing Orders, to accommodate legislative changes, will be made as necessary by the Assistant Director (Corporate Services) in consultation with the ACE and Solicitor to the Council. A full review will be carried out in 2017.

## 5. Report Implications

### 5.1 Finance and Value for Money Implications

5.1.1 The draft Contract Standing Orders have been developed to work with, and support, the Council's Financial Regulations.

5.1.2 One of the main aims of Contract Standing Orders is to ensure the Council purchases goods, services and works which are best value for money.

### 5.2 Safer Communities Implications

5.2.1 The Council will comply with the Contract Standing Orders for any procurement which they take the lead responsibility for within the work of the North Warwickshire Community Safety Partnership. The access to external funding including Area Based Grant for the partnership has reduced

significantly over recent years. Other partners will comply with their procurement regulations as necessary.

### **5.3 Legal and Human Rights Implications**

5.3.1 Public Sector procurement is governed by EU Treaty, Directives and National legislation. These Standing Orders have been written to help ensure legal compliance in all procurement and contracting activity.

5.3.2 A variety of other legislation and related Council Policy has an impact on how procurement is carried out, on how suppliers are expected to work with us and the nature of the contracts that are ultimately signed. Senior Officers and others involved with procurements are expected to ensure relevant legislation is accommodated and Council policy applied as necessary.

### **5.4 Environment and Sustainability Implications**

5.4.1 The Council is aware of its duties under the Public Sector (Social Value) Act 2012 to consider how what is to be procured might improve the economic, social or environmental well-being of the Borough. Officers will be encouraged to consider how their actions could improve the well-being of communities. Any procurement generated through the work of the North Warwickshire Community Partnership which the Council takes the lead responsibility for will comply with the Contract Standing Orders. Other partners will comply with their procurement regulations as necessary.

### **5.5 Health, Wellbeing and Leisure Implications**

5.5.1 The Public Sector (Social Value) Act duty highlighted above will help contribute towards improving the well-being of communities. The Council is supporting a number of specific initiatives under this theme which require procurement of goods and services which will comply with the Contract Standing Orders.

### **5.6 Human Resources Implications**

5.6.1 Significant numbers of Officers and Members will be involved in procurements at various times. It is important that they understand their roles and levels of responsibility, these are summarised in Section 3 of the draft CSO's. Briefing notes on the revised CSO's will be developed for staff and awareness sessions organised. The Procurement Team also provide advice, guidance and support for Officers who may be required to procure on behalf of the Council.

### **5.7 Risk Management Implications**

5.7.1 The Council is required to have rules for procuring goods and services. One of the main aims of the Council's CSO's is to help mitigate the risks that could arise through poor or illegal procurement practices.

5.7.2 Other Council's Contract Rules and templates suggested by legal practices and Regional Centres of Excellence have been reviewed to ensure the draft CSO's are comprehensive and up to date.

## 5.8 Equalities Implications

5.8.1 Contract Standing Orders require the Council to apply relevant legislation to its procurement activities this includes the commitment to implementing the duties laid down under the Equality Act 2010 as they relate to procurement. We will use the best practice defined by the Equality and Human Rights Commission guidance on the specific duties relating to procurement.

5.8.2 The general equality duty applies to procurement and commissioning by public bodies such as the Council. The requirement to comply with the general equality duty applies to all procurement regardless of the value; however; the value of the contract may impact upon the relevance and proportionality of equality considerations.

## 6. Links to Council's Priorities

6.1 Good procurement and commissioning practices, as defined in Contract Standing Orders, support the Council's priority of achieving a balanced budget. However, the outcomes of the various procurement exercises could support and contribute to any one of the Council's priorities.

The Contact Officer for this report is Linda Bird (719327).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date



# North Warwickshire Borough Council

## Contract Standing Orders



North Warwickshire  
Borough Council

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## 1 PURPOSE

- 1.1 The purpose of Contract Standing Orders is to provide clear rules for Officers and Members to use when purchasing and a structure within which purchasing decisions are made. They aim to ensure that the Council:
- Purchases legally, fairly and with regard to good practice to safeguard the Council's reputation.
  - Is protected from maladministration and vulnerability to Fraud, Bribery/Corruption in the letting of contracts.
  - Protects individuals from undue criticism or allegations of wrongdoing.
  - Purchases goods, services and works that are best value for money.
  - Uses procurement to support its objectives and priorities.
- 1.2 By law (Section 135 of the Local Government Act 1972) the Council must have Standing Orders which guide the letting of contracts and which cover securing competition and regulating the Tender process.
- 1.3 Any dispute or difference in the interpretation of Contract Standing Orders and the Council's Financial Regulations or any other relevant document shall be resolved by the Solicitor to the Council.
- 1.4 Advice on the application of these Orders is available from the Procurement Team and the Assistant Director (Corporate Services).

## 2 SCOPE

- 2.1 Contract Standing Orders apply to procurements and contracts entered into by, or on behalf of, the Council for:
- the provision of goods, services and works regardless of their value,
  - concession contracts,
  - the disposal of land, property or other assets (including surplus goods).
- 2.2 This includes involvement by the Council in partnerships and other joint working where the money, including external funding, passes through the Council's accounts.
- 2.3 Contract Standing Orders DO NOT apply to:
- Goods, services or works purchased through an existing, valid Corporate Contract or provided by another division within the Council.
  - The purchase or hire of property.
  - Permanent staffing.
  - The engagement of legal Counsel or expert witnesses, or instructions to Solicitors to act on the Council's behalf.
  - Lending or borrowing of money.
  - Grants from the Council (except where they are to buy services).
  - Procurements where there is a valid and approved Exemption (Section 6).
- 2.4 The terms and phrases used in this document are explained in "The Glossary". All figures in Contract Standing Orders are net of VAT.

- 2.5 Elements of this document provide advice on how to procure. Further help is available from the Procurement Team and on the Council's Intranet.

### **3 RESPONSIBILITIES AND CONDUCT**

- 3.1 Members and Officers shall comply with relevant Legislation and Directives and with Codes of Conduct, Protocols and Financial Regulations as set out in the Council's Constitution when dealing with procurement and contractual matters.
- 3.2 To minimise the risk of fraud, bribery and corruption within procurement, tendering and contracts particular attention should be made to NWBC Counter Fraud Policy and the Anti-Bribery Policy.
- 3.3 Senior Officers are accountable for purchasing and compliance in the Sections or Divisions for which they are responsible.
- 3.4 The appropriate Senior Officer is responsible for identifying a Procuring Officer to lead any procurement and contract award process.
- 3.5 Council employees, those engaged to act on behalf of the Council and all contracts made by the Council must comply with these Contract Standing Orders, the Council's Financial Regulations and Standing Orders and the Council's Procurement and Commissioning Strategy.
- 3.6 Officers, Members, and those acting on the Council's behalf shall maintain the highest standards of honesty, integrity, impartiality, independence and objectivity and ensure conflicts of interest are avoided or properly declared.
- 3.7 The Deputy Chief Executive may revise any figures referred to in these Contract Standing Orders and report such changes to Resources Board.
- 3.8 Officers must follow the appropriate Procurement Route which is determined by the value of the goods, service or works being purchased.
- 3.9 The Procurement Team should be consulted before a procurement starts and it will advise on, and assist Procuring Officers with, all aspects of the procurement process, practices and documentation.
- 3.10 Once a Contract has been established by the Council, for use by all services (a Corporate Contract); it must be used by all services to ensure compliance with the terms of the Contract and avoid breach of Contract.
- 3.11 The Senior Officer or Procuring Officer should notify the Assistant Director (Corporate Services) of all contracts entered into or contracts being arranged to enable procurement planning and to facilitate best value for money.

### **4 PRINCIPLES APPLYING TO ALL CONTRACTS/PROCUREMENTS**

- 4.1 Every contract entered into on behalf of the Council must comply with these Standing Orders. However, National and/or European Union (EU) legislation and directives take precedence.
- 4.2 These Contract Standing Orders take precedence over any supplier agreements and terms and conditions.
- 4.3 Contracts will typically be awarded on a "most economically advantageous basis" using criteria which take into consideration cost and quality.

- 4.4 All purchases made or procurements carried out must be undertaken and approved by Officers with the appropriate delegated authority regardless of the value, procurement route or method of payment.
- 4.5 An Officer may only procure, raise an order or enter into a contract where there is approved funding e.g. provision in the Revenue Budget or as part of a scheme in the agreed Capital Programme.
- 4.6 Any contract award that involves the transfer of staff from the Council to a third party needs the approval of the Council.
- 4.7 Officers are expected to manage contracts to cost, quality, time and budget. In the event of variation to any one of these Officers will follow the relevant Contract Standing Orders to resolve or report the variation.
- 4.8 The length of a contract should be appropriate for the goods, services or works being purchased. A Contract should be for no longer than 4 years unless it is tied to the completion of a specific job or the supply of a fixed quantity of goods or the nature of the procurement demands it and a longer timeframe has been approved by a Senior Officer or a Board.
- 4.9 When using a Framework Contract or an existing contract let by another body the Procuring Officer must ensure they comply with the processes laid down for its use and be aware of the Contract terms and any award conditions or restrictions.

## **5 PROCUREMENT PLANNING**

### **5.1 Future Contracts**

- 5.1.1 The Council will determine, where possible, what contracts are due to be awarded or re-tendered in the course of its financial year and issue appropriate plans and notices, which may include:
- Prior Information Notices (PIN) where required under EU Regulations.
  - Advisory notices to current contractors.
  - A statement of intent or a Procurement Plan on the Council's website.

### **5.2 Need & Specification**

- 5.2.1 Before starting any procurement activity or making a purchase it is essential that the Procuring Officer or Senior Officer (for procurements at Tender Level); -
- Is satisfied that the goods, service, or works are needed.
  - Has considered any alternative options for meeting the need.
  - Has established if there is an existing contract or corporate contract that must or should be used.
  - Sought advice from the Procurement Manager and for procurements at Tender levels obtained a procurement reference number.
- 5.2.2 A specification of what is needed must be decided on, regardless of the value of the procurement. This may range from a simple description and an estimated price to detailed specifications for high value, complex procurements.
- 5.2.3 Specification must not include requirements that are discriminatory or which may distort competition or contain non-commercial interests.

- 5.2.4 The Procuring Officer, and for Tender exercises the Senior Officer, must be satisfied that any specification is fit for purpose.

### 5.3 Estimating the Overall Value

- 5.3.1 An estimate of the total value of the procurement must be calculated at the outset to ensure the correct procurement route is selected and best value obtained. The [whole life cost](#) must be used to calculate the Overall Estimated Value which can be established by using one of the following: -
- the expected annual amount (purchase costs and on-going cost) multiplied by the number of years the contract is expected to operate,
  - the value of past annual expenditure multiplied by the number of years the contract is expected to operate,
  - the estimated cost of the good or service for a one off purchase,
  - or a value established through market testing e.g. indicative costs from potential suppliers.
- 5.3.2 The Council is aware of its duties under the Public Services (Social Value) Act 2012 to consider how what is to be procured might improve the economic, social or environmental well-being of the Borough. Procuring Officers and other Officers involved in procurement must therefore consider how their actions will improve the well-being of our communities.

### 5.4 Aggregation

- 5.4.1 The Council will make the best use of its purchasing power by aggregating its potential needs. It will consider all of its requirement and the likely total spend for similar goods and services across all Divisions when working out the Overall Estimated Value for a contract.
- 5.4.2 Officers **must not** deliberately split requirements to reduce the value of a contract in order to avoid certain procurement routes or to fall below EU procurement thresholds (see Table 1)<sup>1</sup>.

## 6. EXEMPTIONS TO CONTRACT STANDING ORDERS

- 6.1 The requirement for the Council to purchase using a competitive process can be waived in certain or exceptional circumstances and for specific types of contract. The decision to use an Exemption must take into account value for money, probity and fairness. **An Exemption cannot be used for procurements above EU thresholds or if its use would result in a breach of UK or EU legislation.**

### 6.2 Exemptions and Approval to use an Exemption

- 6.2.1 Where it is intended to use a Standing Order for Exemption to having to follow a competitive Procurement Route the appropriate Senior Officer, in consultation with the AD (Corporate Services) or the Procurement Manager, must:

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<sup>1</sup> See Table 1 for explanation of Tender Levels and respective values i.e. Levels 0, A,B,C,D and OJEU.

- For all purchases at or below Level B (Quotes, see Table 1) – approve the reason for the exemption and the specific Standing Order(s) to be used and ensure this information is documented,
- and for contracts valued at, or above Level C (Tenders), seek approval from the Deputy Chief Executive, or the Solicitor to the Council or MT,
- and where the value of the contract exceeds or is likely to exceed Level D seek approval from the relevant Board or CE using emergency powers.

### 6.3 Exemptions include: -

- 6a Using Framework contracts or collaborative procurements made by a body legally able to let public contracts such as a Professional Buying Organisation; provided that tenders or quotations have been invited and contracts awarded in accordance with procedures which are equivalent to these Contract Standing Orders and which comply with any national or EU Public Contract Rules or legislation.
- 6b The purchase of works, goods or services required in an emergency or in exceptional circumstances or so urgently that competition would not be in the Council's best interests or possible.
- 6c Where the purchase of goods, services or works from a different firm would result in incompatibility with existing goods, services or assets or would result in disproportionate technical difficulties or financial disbenefit.
- 6d When there are justifiable technical, specialist or supply market reasons and the works, goods, materials or services can only be obtained from one firm, and no reasonably satisfactory alternative is available.
- 6e Best value for money can be achieved by the purchase of used or pre-owned vehicles, plant, equipment or materials.
- 6f The purchase or sale of property or articles at an auction sale.
- 6g In exceptional circumstances; where the work to be done or the goods to be supplied constitute a valid extension to an existing contract and it is in the Council's best interest to negotiate with the existing contractor/supplier.
- 6h Where a Contract Award has been suspended under the 2009 amendment to the Procurement Regulations, the incumbent supplier can continue offering the supply or service until the dispute has been resolved

### 6.4 The Procuring Officer must document decisions made and retain relevant documentation if an Exemption is granted.

## 7. PROCUREMENT ROUTES

### 7.1 **This section does not apply if an Exemption has been agreed (see Section 6) or a Corporate Contract is to be used.**

7.2 Anyone procuring on the Council's behalf must ensure that opportunities to supply goods, services and works are advertised appropriately and that the conditions for competition are met.

### 7.3 Thresholds, Advertising and Competition



7.3.1 The Overall Estimated Value is used to determine the procurement method (quote or tender), the minimum number of firms to be invited, the requirements for advertising, and contract award /order process; these are summarised in Table 1.

<b>Table 1– Levels and Procurement Route</b>					
<b>Level</b>	<b>Overall Estimated Value</b>	<b>Method &amp; Response</b>	<b>Number of Firms Invited.</b>	<b>Advertising Method &amp; Timescale</b>	<b>Order and Award Process</b>
<b>Level O</b>	Up to £1,500	Quotations – may be verbal.	At Least 2 Firms	Not Required	Confirmed & ordered using Council Purchase Order or Council P-Card.
<b>Level A</b>	£1,501 to £10,000	Quotations in writing.	At Least 2 Firms	Not Required	Confirmed & ordered using Council Purchase Order or Council P-Card.
<b>Level B</b>	£10,001 to £45,000	Quotations in writing.	At Least 3 Firms	Invitation to Quote on Council Website for at least 5 working days.	Confirmed & ordered using Council Purchase Order.
<b>Level C</b>	£45,001 to £110,000	Tender Procedure-Responses in writing.	At Least 3 Firms	Invitation to Tender on Council Website and if appropriate a Procurement Portal for at least 10 working days.	Confirmed by Award Letter & ordered against Contract and/ or using Council Purchase Order
<b>Level D</b>	£110,001 to OJEU Levels	Tender Procedure-Responses in writing	At Least 3 Firms	Council Website & relevant Procurement Portal for at least 14 working days.	Confirmed by Award Letter & ordered against Contract and using Council Purchase Order
<b>OJEU</b>	OJEU Levels and above	EU Tendering Procedure - Consult the Procurement Team before starting EU procurements. EU Thresholds - 1st January 2012 to 31st December 2013: - Services and Supplies = £173,934 , Works = £4,348,350			
Tenders should only be advertised in a publication (Local or Trade) if the Senior Officer believes it essential to achieve competition and it is best value for money.					

7.4 If sufficient Quotations have not been obtained after advert or the relevant Senior Officer feels that it is inappropriate in the interests of the efficient management of the service to advertise or seek the required number of quotations, then the reasons and proposed actions must be discussed with the Procurement Manager and a record of the decision kept.

- 7.5 Where the Tender value is at Level C and a sufficient number of suitable firms cannot be identified to Tender or have not Tendered approval must be sought from the DCE, CE or MT and at Level D approval from the appropriate Board, before proceeding with the Tender. The reasons and proposed actions must be discussed with the AD (CS) or the Procurement Manager and a record of the decision kept.

## 7.6 Advertising Requirements

- 7.6.1 Any Advert or Notice for a Quote or Tender opportunity must set out details of the proposed procurement. Adverts/Notice must clearly:
- Describe the required goods, services or works and the scope of the Contract.
  - State what Firms will have to do to quote or to tender.
  - Invite Firms to complete the document(s) needed to register their interest or detail their ability to supply what is required.
  - State the submission process, contact details and the Closing Date for receipt of the response.
  - Summarise the criteria the Council will be using to evaluate responses and award the contract.

## 8 QUOTATIONS AND TENDERING

### 8.1 Before Tendering or Obtaining Quotes

- 8.1.1 Before seeking Quotation or Tenders the Procuring Officer and/or Senior Officer must:
- Satisfy themselves that the Council does not already have a Contract in place for supplying the required goods, services or works.
  - Decide if there is a case for an Exemption from the requirements for competition (Section 6).
  - Decide if the potential works or services could be carried out or supplied by, or assistance is need from, another division of the Council.
- (a) If the Supply-side Officer decides they want to submit a quotation or tender they will be included in the list of those to be invited.
- (b) If the Supply-side Officer decides they wish to carry out the contract, free from competition, and provided that they can demonstrate that this constitutes best value for money, then the contract will be carried out by that Officer; unless the Solicitor to the Council, in consultation with the Deputy Chief Executive determines otherwise.
- i. At Level C or above this arrangement must be documented and approved by the Supplying and the Procuring Senior Officer.
- Consider which legislation, guidance and Council Policy would be applicable to the requirement and with which compliance should, or must, be sought from the supplier and ensure it is referenced in the specification and subsequent contract.
  - i. This includes an accompanying declaration confirming the tendering organisation's compliance with the principles of the Bribery Act 2010

and their willingness to respond to any reasonable due diligence enquiries made by or on behalf of NWBC.

- Be satisfied that a specification has been prepared.
- Prepare or approve an Estimated Overall Value for the whole life of the contract, including, if appropriate, any maintenance costs.
- Ensure there is adequate approved budget.
- For Tenders (Level C and above)
  - (a) Have decided the preferred Procurement Route and Form of Contract or supply arrangement.
  - (b) Agree a Procurement/Contract Reference with Procurement

## 8.2 Determining the Evaluation Process and Selection and Award Criteria

- 8.2.1 The Procuring Officer must decide on the process, the selection criteria, the award criteria and the relative weightings that will be used to shortlist firms and evaluate tender responses and ultimately select a successful tenderer(s) and award a contract before issuing a Prequalification Questionnaire (PQQ), Invitation to Quote (ITQ) or Invitation to Tender (ITT).
- 8.2.2 Whenever possible and for procurements at or above Level C (Tenders) the selection criteria, award criteria and weighting must be documented and agreed with the appropriate Senior Officer and published at the time of the Invitation to Tender.
- 8.2.3 Selection criteria must focus on the company's ability to deliver the requirement.
- 8.2.4 Award criteria must be designed to secure an outcome which gives best value for money for the Council. The basic award criteria are:
- "lowest price" where a payment is to be made by the Council.
  - "highest price" where a payment is to be made to the Council
  - "Most Economically Advantageous" where considerations in addition to price and quality apply.
- 8.2.5 If the award is to be made to the Most Economically Advantageous offer then the criteria that demonstrate this, and the relative weighting to be used, will be determined based on the specific needs, features and risks associated with the individual procurement exercise. The table below gives some example criteria and their suggested maximum weighting.

**Table 2 – Example Criteria and Suggested Maximum Weighting**

Criteria	Maximum Weighting	Notes
<b>Cost</b>	Up to 80%	Costs will be assessed for total Contract life based upon the lowest price received.
<b>Quality</b>	Up to 80%	Quality will be subjectively assessed in terms of performance against specification by relevant and

		competent Officers
<b>Delivery</b>	Up to 20%	Delivery will be assessed in terms of warranties, guarantees, and penalties against delivery to the Council's schedule.
<b>Social Considerations</b>	Up to 40%	<u>Relevant</u> Social Considerations can be included in the assessment. Consult Procurement before use.
<b>Environmental Impact</b>	Up to 10%	A subjective assessment of the possible environmental consequences of the goods and services tendered.
<b>Compliance</b>	Some may be Mandatory	Compliance in accordance with legislation and relevant Council Policy will be considered. If there are no fully compliant responses the Procuring Officer may judge relative compliance for none Mandatory criteria.

- 8.2.6 The differences between selection criteria and award criteria and the need to separate the two stages and not duplicate criteria can be complex. The Procurement Team should be consulted for advice.

### 8.3 Electronic Procurement

- 8.3.1 The Council may run any Quotation or Tender by electronic means and make available or request the return of documents via the Council's Website and email or an approved e-tendering solution.
- 8.3.2 Electronic documents will be kept securely under the control of the Assistant Director (Corporate Services) and not opened until the deadline for receipt has passed.
- 8.3.3 The Council may participate in on-line Auctions or reverse auctions as part of a Procurement process. The Procuring Officer must ensure the specification and award criteria are appropriate and the Council's commitment to any Firm is dependent upon their satisfying relevant criteria and obligations under these Contract Standing Orders.
- 8.3.4 Procuring Officers may use on-line auctions for purchases valued at Level A or below provided they have sufficient quotes, are able to prove best value for money, can obtain a VAT invoice from the supplier and they have checked the terms and conditions of supply and return. A pre-established Council user identity must be used to make purchases and payment must be made using a Council purchase order or Council payment card.

## 9. EUROPEAN UNION TENDERING PROCEDURES

- 9.1 This Contract Standing Order applies to high value contracts expected to be at or over the EU thresholds (see Table 1)
- 9.2 The Procurement Team must be consulted well in advance of any planned EU level procurement to ensure compliance with the most up to date Public Procurement Legislation and Directives and the timescales and procedures dictated.
- 9.3 Contracts to which the EU rules apply will be awarded in accordance with those rules and by means of currently approved procedures: -

- Open Procedure – A single stage process, usually used when only a small number of Tenderers are expected to respond.
- Restricted Procedure – A two stage process involving qualification and tendering. Usually used when a large response is expected.
- Negotiated Procedure – Usually used for complex tenders where neither of the above is suitable.
- Competitive Dialogue – For highly complex tenders where the other procedures are not suitable and a solution cannot be easily identified.

## 10 COUNCIL TENDERING PROCEDURES

- 10.1 **These Contract Standing Orders apply to Tenders with an Overall Estimated Value of Level C or above, but below EU thresholds (or if Public Contract Regulations do not apply).**
- 10.2 The Procuring Officer will ensure that:
- Authority to Tender has been obtained and that the appropriate Tender procedure has been selected.
  - That relevant Evaluation and Tender documentation has been prepared in terms of the specification of requirements, selection / award criteria and with regard to compliance with relevant Council Policy.
- 10.3 The Council's Tendering Procedures are based on Legislation and EU Public Procurement Rules as they are regarded as good practice. Whenever possible an Open or Restricted Tender Procure should be used.
- 10.4 The Procuring Officer will produce an Advert/Notice briefing Firms of the Council's requirements (see Section 7.6).

### 10.5 Open Tendering Procedure

- 10.5.1 The Open Tendering Procedure operates as follows:
- (1) The Procuring Officer will advertise in accordance with Table 1 for Firms to submit an Expression of Interest or respond to an Invitation to Tender by a specified date.
  - (2) The Procuring Officer can contact Firms and invite them to respond.
  - (3) All Firms that express an interest will be invited to submit a response to an Invitation to Tender.

### 10.6 Restricted Tendering Procedure

- 10.6.1 The Restricted Tendering Procedure operates as follows:
- (1) The Procuring Officer will advertise in accordance with Table 1 for Suppliers to submit an Expression of Interest or Pre-Qualification Questionnaire by a specified date.
  - (2) The Procuring Officer can contact Firms and invite them to respond.
  - (3) Firms expressing interest will be provided with a Pre-Qualifying Questionnaire (PQQ) or specific qualifying questions as part of a two stage ITT prepared by the Procuring Officer. The Procuring Officer shall also

prepare the assessment criteria, which must focus on the financial and technical ability of the organisation to fulfil the contract.

- (4) All PQQs or ITT's will be reviewed and evaluated by at least two relevantly skilled staff, one of whom should be the Procuring Officer. A shortlist which recommends at least the required number of shortlisted Firms (Table 1) will be provided to the appropriate Senior Officer for their agreement.
- (5) At least the required minimum number of Firms will be invited to submit a response to an Invitation to Tender, if a PQQ has been used, or taken on to a second stage of evaluation if a two Stage ITT has been completed.

10.6.2 The Council can use properly established and maintained pre-qualification services such as Construction-Line. The use of such service should not disadvantage other suppliers and in general pre-qualification services and Approved Lists will not be used.

## 10.7 Negotiated Tendering Procedure or Competitive Dialogue

10.7.1 Public Contract Regulations/EU Rules provide two additional Procurement Procedures; a Negotiated Procedure and Competitive Dialogue. These and any other Procedures developed in the future will only be used in exceptional circumstances and in consultation with the Procurement Team.

# 11 SUBMISSION, RECEIPT AND OPENING OF TENDERS AND QUOTATIONS

## 11.1 Submission and Receipt of Quotations.

11.1.1 Written quotations (Level A and B) must be kept by the appropriate Procuring Officer and details of verbal quotations should be documented; both should be made available, on request, to the appropriate Budget Holder, Senior Officer or Member of the Procurement Team.

## 11.2 Submission of Tenders

11.2.1 Every Invitation to Tender must tell the Tenderer how, when (date and time) and where to submit their response. Tenders must be returned to the Council in one of the following ways:

- (a) Sealed in an envelope provided, or specified, by the Council and which does not bear a name or any mark which would identify the sender
- (b) By submitting it electronically to the advised e-mail address or via a specified website link.

11.2.2 The contract award criteria will be summarised in the Invitation to Tender. The Council does not bind itself to accept the lowest or any tender.

11.2.3 The Council's Terms and Conditions form part of the Tender documentation and the Firm will be informed how they will apply to the award of the Contract.

## 11.3 Receipt, Opening and Registration of Tenders

11.3.1 Tender envelopes shall be numbered and marked with the time and date of receipt and kept unopened in the custody of the Assistant Chief Executive & Solicitor to the Council (SttC) until their scheduled opening.

- 11.3.2 Tenders not received in the manner and timescale specified by the Council will be rejected and the sender informed of the reason for rejection.
- 11.3.3 Tenders shall be opened at one time in the presence of either the Leader of the Council or one of the Deputy Leaders and the Assistant Chief Executive & SttC or his/her representative.
- 11.3.4 The Assistant Chief Executive & SttC or his/her representative must, at the time the tenders are opened, record:
- (1) the title of the contract or the description of works, goods or services.
  - (2) the date of the opening of a tender;
  - (3) record details of all persons present at the opening of tenders;
  - (4) the name of each Firm submitting a tender;
  - (5) the date and time of receipt of each tender if available;
  - (6) the amount of each tender where appropriate;
  - (7) the reason for any disqualification of any tender;
  - (8) the name of Firms invited to tender but which did not submit a tender;
  - (9) The Assistant Chief Executive & SttC or his/her representative shall ensure that the page(s) of the Tender document which contain the ultimate prices is signed and dated by the Councillor.

#### 11.4 Alterations to Tenders, Abnormal Tenders and Post Tender Negotiations

- 11.4.1 No alteration of any Tender will be allowed after the date and time specified for the receipt of tenders, except:
- (1) Alterations - Where typographical or arithmetical errors or discrepancies are found. The Tenderer can be given an agreed period to confirm or correct the error or to withdraw the Tender.
  - (2) Abnormal Tenders - If the Procuring Officer believes a Tender to be abnormal given the requirements, the Overall Estimated Value or in comparison with other tenders. The Tenderer may be asked to clarify its Tender or parts of it.
  - (3) Post Tender Negotiation – Discussions with Tenderers after the submission of a Tender and before award with a view to obtaining adjustments in price, delivery or content must only take place in consultation with Legal Services and the Procurement Manager and in exceptional circumstances such as where the lowest tender received exceeds the approved budget. In circumstances such as this:-
    - (a) An exception may be authorised by a member of MT or by a Board to which the power of making contracts has been delegated.
    - (b) The appropriate Senior Officer or the Procuring Officer may contact tenderers to discuss adjustments in rates, prices or terms but only on the basis of a change to quantities or scope. Negotiations must be documented.
    - (c) There must be no disclosure as to which Tender is currently the lower or the margin(s) involved.

(d) The tenderers taking part in this process are required to submit their revised prices or terms to the Council in the manner set out in paragraph 11.2 and revised offers will be opened in accordance with paragraph 11.3.

(4) Qualified Tenders – When all tenderers are unable to meet the specification the Procuring Officer can discuss submissions with all Tenderers with a view to obtaining acceptably qualified tenders. This must only take place in consultation with Legal Services and the Procurement Manager.

11.4.2 Should these measures not deliver a Tender within the cost limits or where they result in a fundamental change to the specification or contract terms the procedure will be terminated and no contract awarded.

## 12. SELECTION AND CONTRACT AWARD

### 12.1 Accepting Quotations

12.1.1 The assessment of Quotations should be carried out by the appropriate Officer or Procuring Officer. Purchases and Contracts will be made via the Council's Purchase Order system using its Purchase Order Terms and Conditions.

12.1.2 Decisions on the acceptance of quotations will be taken as follows: -

<b>Table 3 – Quotations (£0 - £45,000)</b>	
<b>Circumstance</b>	<b>Acceptance by:-</b>
(a) Level 0 (£0 - £1,500) - Lowest or most economically advantageous quotation provided that it represents best value for money.	Officer & Order approved by the Appropriate Budget Holder or Authoriser.
(b) Level A (£1,501 -£10,000) and Level B (£10,001 - £45,000) - Lowest or most economically advantageous quotation provided that it represents best value for money.	Procuring Officer & Order approved by the Appropriate Budget Holder or Authoriser and at Level B agreed by the Senior Officer.
(c) A quotation other than the lowest or most economically advantageous received or in any other circumstances	Appropriate Senior Officer in consultation with the Deputy Chief Executive.

### 12.2 Evaluating and Accepting Tenders

12.2.1 Where the Contract value is at Level (C) or above; the assessment of Tenders should be led by the Procuring Officer and must involve at least 1 other person with the appropriate skills and knowledge.

12.2.2 The Tenders must be evaluated and scored using the process, criteria and weighting set prior to Tender.



- 12.2.3 Before a Tender can be accepted the Procuring Officer must ensure that the Deputy Chief Executive has approved the financial standing of the Firm to which it is proposed to award the contract, in accordance with Financial Regulations.
- 12.2.4 Decisions on the acceptance of Tenders for works, goods or services will be taken as follows:

<b>Table 4 – Tenders (£45,001 &amp; over)</b>	
<b>Circumstance</b>	<b>Acceptance by</b>
(a) Lowest or most economically advantageous tender, provided that it represents best value for money and does not exceed the Overall Estimated Value or Approved Budget.	<p>Level C - Procuring Officer and approved by the Budget Holder and/or Appropriate Senior Officer.</p> <p>Level D and Above – Senior Officer and approved by the Chief Executive or Deputy Chief Executive who will consult with the Leader of the Council or a Deputy Leader</p> <p>* The Chief Executive or Deputy Chief Executive may refer any decision on acceptance of a Tender to a Board.</p>
(b) A tender other than the lowest or most economically advantageous tender received, provided that it represents best value for money or in any other circumstances.	<p>Appropriate Board</p> <p>* A written report must be submitted to the appropriate Board detailing the decision and the supporting data (e.g. Evaluation Criteria and scoring).</p>

### 12.3 Tenderer Notification and Standstill Period

- 12.3.1 Once the decision to award a contract is made each Tenderer must be notified in writing of the outcome of the tender process including details of the award criteria, their performance against the criteria and the name of the successful tenderer.
- 12.3.2 For Tenders over EU Thresholds there must be a “standstill” period between the notification and signing the contract and/or raising of an order. This is ten days, but can vary if a debrief is sought by a Tenderer in which case the Procurement Manager will advise on the current standstill period and process.
- 12.3.3 For Tenders below EU Thresholds a “voluntary standstill” period is good practice and can help prevent future challenge. The Council uses a 10 day period between notification and contract signing.

### 12.4 Nominated or Named Sub-Contractors and Nominated Suppliers

- 12.4.1 This Contract Standing Order applies where a sub-contractor or a supplier is to be nominated to an existing main contractor or contract.
- (1) Where it is not reasonably practicable to obtain competitive tenders, the appropriate Senior Officer may nominate or agree the nomination of a Sub-Contractor or supplier.

- (2) Where competitive quotes or tenders are available, then dependent on the estimated value of the sub-contract or the estimated value of goods or materials to be supplied by a nominated supplier, tenders or quotations must be invited.
- (3) The terms of any invitation for nominated sub-contractors or suppliers must require that, if selected, the Firms would be willing to enter into:
  - (a) A contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main contract in relation to the work and goods or materials included in the subcontract; and
  - (b) An agreement to indemnify the Council in such terms as may be prescribed.
- (4) The provisions of Contract Standing Orders relating to the submission of quotes or tenders; their opening and registration; late tenders; alterations to tenders; and tender acceptance apply to this Contract Standing Order.

### 13. CONTRACTS AND TERMS

- 13.1 Before entering into a contract with any Firm, the appropriate Senior Officer must:-
- (1) Be satisfied about the selection, capability and financial standing of the Firm.
  - (2) Ensure that these Contract Standing Orders have been complied with and that the proposed contract represents best value for money.
  - (3) Ensure the successful Firm has been made aware of and has confirmed compliance with the legislation, regulation and Council Policies applicable to the Contract.
  - (4) Be satisfied that reasonable and proportionate due diligence enquiries have been carried out to ensure Bribery Act compliance.
  - (5) Be satisfied that successful and unsuccessful tenderers have been informed of the decision and that any standstill period has been properly observed.

#### 13.2 Orders and Contracts

- 13.2.1 Where the Contract Price of a procurement is valued at Level A or less, the works, goods or services to be supplied will be purchased using a Council Purchase Order or a procurement card payment and must be approved by the Budget Holder.
- 13.2.2 Where the Contract Price is at Level B the works, goods or services to be supplied will be purchased on the basis of a duly signed contract and/or a Council Purchase Order approved by the appropriate Budget Holder and/or Senior Officer.
- 13.2.3 Unless the Solicitor to the Council decides otherwise, every contract must be in writing and every contract with a value of Level C or above must be in a form prepared or approved by the Solicitor to the Council,
- 13.2.3 Contracts at Level D and above must be under seal. The appropriate Senior Officer must liaise with the Solicitor to the Council and decide if it is appropriate to Seal a contract priced at below Level D if:
- The Council may wish to enforce the Contract more than 6 years after its end.

- The price paid or received is a nominal one and does not reflect the true value of the goods or service.

13.2.4 The Council's Purchase Order Terms and Standard Contract Terms and Conditions are available on the Internet. If these are not used the Procuring Officer or Senior Officer must ensure that the contract used covers those sections and topics detailed in the Standard Contract and that it is approved by Legal Services before signing or sealing.

13.2.5 At the Senior Officers discretion and for all Tenders over Level D the Procuring Officer must consult with the Deputy Chief Executive to determine if the Contract is to include Parent Company Guarantees, Bonds or Liquidated Damages.

### 13.3 Using other Organisations Contracts

13.3.1 The Council may choose to use Contract terms other than its own, if the Senior Officer determines the needs of the Council can be met. This can be efficient, reducing contracting activity, and may include the following types of Contracts:

- (1) ICE (Institute of Civil Engineers) and JCT (Joint Contracts Tribunal) Contracts and Agreements and NEC Contracts.
- (2) Contracts established by organisations with the legal remit to award public contracts such as Professional Buying Organisations e.g. ESPO.
- (3) Contracts tendered and awarded by Government or public sector organisation, which are open to Local Government or this Council, provided they have been let compliantly, legally and under their CSOs.

13.3.2 It is the responsibility of the Procuring Officer or Senior Officer to ensure that such Contract terms are appropriate and that the Solicitor to the Council has had the opportunity to review any Contract and decide if such a Contract is applicable and acceptable to the Council.

13.3.3 If necessary, it is the responsibility of the Senior Officer to negotiate modifications to the Contract to properly represent the requirements of the Council. Any substantive change must be agreed with the Solicitor to the Council.

### 13.4 Variances to Terms and Conditions

13.4.1 Any variations to the Council's Standard Contract Terms and Conditions submitted by Firms shall not be accepted without advice from the Solicitor to the Council.

13.4.2 Payment arrangements other than the Council's normal payment terms e.g. "payment on delivery" must be discussed with and agreed by the Deputy Chief Executive.

### 13.5 Contract Disputes

13.5.1 The Council will within its Contracts identify a Dispute Resolution Process. The principles of such will be to establish mutually acceptable resolution of any dispute; to maintain good working relations and avoid lengthy and costly delays for all parties.

## 14 USING CONTRACTS

### 14.1 Placing Orders

- 
- 14.1.1 Where there is a need and within approved budgets Officers may raise Orders, for approval, against Contracts which have been entered into by the Council.
- 14.1.2 To purchase goods, services or works Orders must be raised using the Council's Procurement System (TOTAL) and approved by the Budget Holder, unless;
- (1) Financial Regulations state that Orders do not need to be raised for a specific type of spend e.g. Utility payment, Rent.
  - (2) A Procurement Card or Council Approved Card is used for a low value purchase.

## 14.2 Authorising Payment

- 14.2.1 In accordance with Financial Regulations, and within approved budgets and where relevant Contract Price, Authorised Officers or Budget Holders may authorise payments of invoices raised by a Supplier against a Council Order or Contract, on the following conditions:
- (1) That the Council has a duly authorised Goods Receipt Note to match against the order and invoice; or
  - (2) That the Procuring Officer has authorised payment against the satisfactory delivery of a service or schedule of services; or
  - (3) That it represents an agreed stage payment, provided that the Procuring Officer can determine and demonstrate that the stage has been reached; or
  - (4) That it is a retained payment, now due; or
  - (5) That a Senior Officer authorises payment.

## 14.3 Variations within Contracts

- 14.3.1 All Variations must be in the form of written instruction to the contractor. The validity and likely cost effect of each variation should be assessed before the issue of the instruction to proceed.
- 14.3.2 If the variation is valid and its cost can be contained within the Contract Price and Approved Budget the instruction may be approved by the Contract Officer or Procuring Officer at Level B and below and by the relevant Senior Office at Level C and above.
- 14.3.3 Any variation, which will result in the Approved Budget being exceeded by £5,000 or 10% of the contract sum (whichever is the greater) must be reported to the appropriate Board by the Senior Officer in accordance with Financial Regulations.
- 14.3.4 If the variation would cause the Contract Price to be exceeded, but is within the tolerance defined in Financial Regulations (£5,000 or 10% of the contract sum), the Senior Officer should liaise with the AD (Finance and HR) to establish how any overspend could be contained within Approved Budgets. If alternative funding cannot be found, the appropriate Board will need to submit a supplementary estimate request to Executive Board.
- 14.3.5 In cases when a variation is urgent and requires immediate action the instruction may be issued by the appropriate Senior Officer without prior written costing. If there is any expectation that the variation could result in the Contract Price being exceeded by £5,000 or 10% of the contract sum the appropriate Officer must

should consult the Chief Executive with regard to use of his emergency powers. Details of the cost of the variation or overspend and the reason(s) for it, must be reported to Board as soon as practicable in accordance with Financial Regulations.

#### **14.4 Adjustments and Extensions to Contracts**

- 14.4.1 Where the timing of any Contract changes for reasons beyond the control of the Procuring or Contracting Officer, a Contract may be lengthened or adjusted with the approval of the appropriate Senior Officer. Such discretion is to recognise the efficiency in procurement in situations where issues pull forward or delay a particular programme of expenditure.
- 14.4.2 Where the scope of any Contract changes the Procuring Officer must carry out an assessment to determine if the change would have impacted on the Tender and its outcome. Such discretion is to recognise adjustments to account for minor changes to scope and efficiency in procurement where identical or equivalent goods or services are required, but these must not result in material changes.

#### **14.5 Emergency Orders**

- 14.5.1 Where an emergency demands a response outside the practical timescales of these Contract Standing Orders, the Procuring Officer, in liaison with a Senior Officer, is authorised to set aside requirements for tendering and competition, working if at all possible within an existing Contract or with an existing Supplier. Action under this Contract Standing Order will be made complaint with Exemption to Contract Standing Order (Section 6) soon as possible.

### **15 DISPOSAL OF ASSETS**

- 15.1 Assets including property, vehicles, equipment, furniture, stocks or stores which are no longer required or needed for re-use should be disposed of in accordance with the law, Financial Regulations and any Council Protocol for Disposal of Assets.
- 15.2 Low value items Level A or less may be disposed of by written bid/quotation, auction or by electronic auction. Where an electronic auction site is used the placement and sale must be through a Council, not a personal, account. The Assistant Director (Finance and HR) should be informed of disposals.
- 15.3 Where assets for disposal are valued at Level A and above (see Table 1) the relevant Senior Officer must give approval for the disposal; at Level C and above approval must also be given by the Deputy Chief Executive.
- 15.4 The method of disposal for assets valued at Level B or above should be by written tender or quotation following the processes laid out in sections 10 -13. The Assistant Director (Finance and HR) must be informed of these disposals to ensure the Council's Asset Register is maintained.
- 15.5 Tenders or Quotations received for the disposal of assets will be awarded on the basis of the "Highest" or most economically advantageous offer.

### **16 LAND TRANSACTIONS**

- 16.1 This Contract Standing Order applies where there is a land transaction. With the exception of Sections 1, 2, 3 and 4 none of the Council's other Contract Standing Orders apply to land transactions, unless otherwise stated in this section.

## 16.2 Approval of Major Disposals

- 16.2.1 The method of each major disposal must be approved by the Solicitor to the Council or the Resources Board as appropriate. When determining such matters the Solicitor or Board shall:
- (1) specify the land to be disposed of;
  - (2) confirm that the land has been declared surplus to Council's requirements;
  - (3) advise upon the proposed method of disposal and set out the reasons for selecting that method;
  - (4) in matters where the Council must achieve best consideration, confirm that the proposed method of disposal which has been selected, is most likely to achieve this; and
  - (5) in matters where it is proposed that the disposal should be for less than best consideration, give reasons for and against seeking best consideration and, specify the relevant legal powers of the Council to accept less than best consideration.
- 16.2.2 The principal terms of major disposals (except where the approved method of disposal is by auction) must be approved by the Council on the recommendation of the Resources Board. When determining such matters, the Board shall ensure, after considering advice from the Council's Valuer, either that the consideration agreed represents best consideration, or following advice from the Solicitor to the Council that the Council has the relevant legal powers to accept less than best consideration.
- 16.2.3 In major disposals where the approved method of disposal is the inviting of formal tenders or informal offers, the disposal must be advertised on the Council's Website and in at least one local, national or specialist newspaper or publication, as determined by the Solicitor to the Council, after consultation with the Council's Valuer. Tenders shall be submitted in accordance with the Council's Tender Procedures.

## 16.3 Dealing with formal tenders and informal offers

- 16.3.1 Tenders and offers shall be opened at one time in the presence of either the Leader of the Council or one of the Deputy Leaders and the Solicitor to the Council or his/her representative. The names of tenderers and/or offerors, and the amounts of tenders/offers shall be recorded in a register kept by the Assistant Chief Executive & Solicitor to the Council. Persons present at the opening of tenders/offers shall record their presence by signing the register against the specified details. Alterations/errors in tenders/offers and late or otherwise invalid tenders/offers shall be dealt with in consultation with the Solicitor to the Council.

## 16.4 Disposals by Auction

- 16.4.1 In disposals where the approved method of disposal is by auction, the auction shall be conducted by the Council's Valuer, if he/she is a practising Auctioneer. Where this is not the case, at least two practising auctioneers must be invited to provide a written quotation as to commission and additional costs, and the lowest quote must be selected by the Solicitor to the Council.

- 16.4.2 A “reserve price” must be set by the Solicitor to the Council, in consultation with the Council’s Valuer or selected auctioneer. The reserve price must be disclosed only to the auctioneer and the Council’s legal officer attending the auction.

### 16.5 Approval of Land Transactions other than major disposals

- 16.5.1 The principal terms of land transactions other than major disposals (except where the method of disposal is by way of auction) must be approved by the Solicitor to the Council or the Resources Board, as appropriate. When determining such matters, the Solicitor or Board shall consider the proposals in an agreed format confirming either that the consideration agreed represents best consideration, or following consultation with the Solicitor to the Council that the Council has the relevant powers to accept less than best consideration.

### 16.6 Application of the Property Procedures

- 16.6.1 All land transactions must be conducted in accordance with the property procedures.

### 16.7 Formalities

- 16.7.1 All contracts and other documentation entered into pursuant to all land transactions shall be in writing, and shall be signed or sealed, as appropriate.

### 16.8 Accepting Tenders for the Disposal of Land, Property and other Marketable Assets.

- 16.8.1 Decisions on the acceptance of tenders for the disposal of land, property and other marketable assets will be taken as follows: -

<b>Table 5 – Disposal of Land, Property and Assets</b>	
<b>Circumstance</b>	<b>Acceptance by</b>
(a) The highest tender, provided that it is considered to be in the Council’s interests, after taking professional advice.	The Chief Executive, (or in his absence the Solicitor to the Council) after consultation with the Leader of the Council or one of the Deputy Leaders
(b) A tender other than the highest received, provided that it is considered to be in the Council’s interests; is in accordance with statutory requirements; and a written report has been submitted to the appropriate Board by the relevant Senior Officer.	Appropriate Board
Any other circumstances	Appropriate Board



**APPENDIX 1 - GLOSSARY**

Authorised Officer	An Officer of the Council with authority to raise a purchase order or purchase within an existing Contract and their delegated authority.
Authority to Tender	Means there is approved budget and a need has been established in an agreed Service or Strategy Plan or approval has been sought and given by Management Team (MT) or if required a Board.
Best consideration	Legal obligation upon the Council to achieve a consideration which is the best that can reasonably be obtained.
Bribery	Giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.
Contract	Agreement between the Council and a Firm for the carrying out of work, or for the supply of goods or services. Such agreement may be made by Contract, Purchase Order, Procurement Card or other approved method.
Contractor	A firm with which the Council enters into a Contract.
Contract Officer	An Officer who has been given specific responsibility by a Senior Officer or Budget Holder to manage a Contract once established.
Contract Price	The price at which the successful Tenderer has agreed to provide the goods, works or services.
Corruption	Offences defined by the Bribery Act 2010 which makes offering or accepting a bribe a criminal offence.
Corporate Contract	A contract which has been set up as the means of purchasing specific goods, services or works by all Officers.
Council	Any of the following acting under delegated powers: A Board, Committee, Panel, Area Forum, Joint Committee or Senior Officer.
Deputy Leader	The Chairman of the Resources Board, of the Community and Environment Board or of the Planning and Development Board.
Firm	A sole trader, partnership or company or any duly incorporated trade, professional, commercial or voluntary body.
Land transaction	The acquisition or disposal of, or other dealing with land whether or not buildings, plant and equipment, fixtures and fittings, or other assets are included in that transaction.
Leader of the Council	The Chairman of the Council's Executive Board.



Major disposal	A land transaction (not under Right to Buy provisions) which consists of a disposal of the freehold where the consideration exceeds £52,000 or the grant of a lease where the rent exceeds £21,000 per annum or where the premium exceeds £52,000.
Officer	An employee of the Council.
Order	Order placed by the Council usually to its own terms and conditions.
Overall Estimated Value.	The estimated total of all the cost associated with the goods, services or works being procured over the number of years the contract is expected to operate.
Partnership	A form of Contract between the Council and any Firm that includes some form of arrangement for sharing risk and/or reward in addition to the usual considerations for payment
Procuring Officer	An Officer who has been given responsibility by a Senior Officer or Budget Holder to run procurement exercises (Quote or Tender) and who may be required to establish and manage Contracts.
Professional Buying Organisation	An organisation which is legally able to procure and establishes contracts on behalf of the public sector.
Quotation	A formal verbal or written offer to supply or purchase goods or services or to carry out work where the Overall Estimated Value is expected to be low.
Senior Officer	The Chief Executive, the Deputy Chief Executive, an Assistant Chief Executive or an Assistant Director or equivalent post.
Social Considerations	The additional benefits to the community over and above the direct benefits of purchasing the goods or services.
Supplier	A Firm with whom the Council has entered into a Contract for the supply of goods and services.
Tender	An offer from a Firm to provide goods, services or works required at a specific cost or rate following a Tendering Process.
The property procedures	The procedures adopted by the Solicitor to the Council from time to time, in consultation with the Deputy Chief Executive.
Written or "in writing"	Includes paper and electronically transmitted documents in a format defined or approved by the Council.
Whole life cost	All the costs associate with buying a good, service or work and can include, planning, design, construction and acquisition, operations, maintenance, cost of finance, purchase and disposal cost.

## **Agenda Item No 7**

### **Resources Board**

**3 September 2012**

#### **Report of the Assistant Director (Finance and HR)**

#### **Amendments to Financial Regulations**

### **1 Summary**

- 1.1 This report is to inform Members of some proposed amendments to the Financial Regulations.

#### **Recommendation to the Council**

**That the Council accepts or otherwise varies the revised Financial Regulations attached at Appendix A, and that the consequent amendments to the Constitution are made.**

### **2 Consultation**

- 2.1 Councillors Butcher, Moore and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

### **3 Introduction**

- 3.1 The Council's Financial Regulations were last reviewed in December 2010. A further review has now been carried out, to ensure that the Regulations are consistent with any changes made to Contract Standing Orders.

### **4 Changes to the Regulations**

- 4.1 There are no major changes to the Regulations, however the opportunity has been taken to update some of the wording to reflect the changes in the Constitution. For example, reference has been made to the Housing Sub Committee.
- 4.2 The opportunity has also been taken to look at some of the limits included within the Regulations, which have not been changed for a number of years. These include virement and transfer limits in section 2, and debtor write off levels in section 23.
- 4.3 Amending the virement and transfer limits would give Senior Officers more ability to manage small contract variations, which are below the threshold for reporting to Board. It is therefore proposed to increase the limits, as set out in the table below:

	<b>Current Limit</b>	<b>Proposed Limit</b>
<b>Virement</b>		
Senior Officer approval	Up to £3,000	Up to £5,000
Service Board approval	£3,000 - £6,000	£5,000 - £10,000
Resources Board approval	Over £6,000	Over £10,000
<b>Transfer</b>		
Senior Officer approval	Up to £6,000	Up to £10,000
Service Board approval	Over £6,000	Over £10,000

4.4 Under current regulations, the Assistant Chief Executive and the Assistant Director (Finance and HR) can write off uncollectible debts of £1,250 or less under delegated powers. It is proposed to increase this figure to £1,500.

... 4.5 The amended Regulations are attached at Appendix A, and include the proposed virement, transfer and write off limits shown above.

## 5 Report Implications

### 5.1 Finance and Value for Money Implications

5.1.1 The Director of Resources has statutory duties in relation to the financial administration and stewardship of the Authority.

### 5.2 Legal and Human Rights Implications

5.2.1 The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations.

### 5.3 Risk Management Implications

5.3.1 Compliance with Financial Regulations will assist in reducing the risks associated with the Council's business.

### 5.4 Links to Council's Priorities

5.4.1 Financial Regulations provide the framework for the financial administration of the Council, helping to making the best use of resources and helping to achieve a balanced budget.

The Contact Officer for this report is Sue Garner (719374).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
1 - Report to Resources Board	Assistant Director (Finance and HR)	Amendments to Financial Regulations	13 April 2010

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## **FINANCIAL REGULATIONS AND PROCEDURES**

### **A FINANCIAL MANAGEMENT**

#### **1 FINANCIAL MANAGEMENT STANDARDS**

##### **Why is this important?**

- 1.1 All employees and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

##### **Key Controls**

- 1.2 The key controls and control objectives for financial management standards are:
- (a) their promotion throughout the Authority
  - (b) monitoring processes and procedures to review compliance with financial standards.

##### **Responsibilities of the Deputy Chief Executive**

- 1.3 To ensure the proper administration of the financial affairs of the Authority.
- 1.4 To set the financial management standards and to monitor compliance with them.
- 1.5 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Authority.
- 1.6 To advise on the key strategic controls necessary to secure sound financial management.
- 1.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- 1.8 To ensure that the revenue budget and capital programme are prepared
- 1.9 Treasury Management
- 1.10 To report to the full Council and external auditor if the Council or one of its officers: -
- Has made, or is about to make, a decision which involves incurring unlawful expenditure
  - Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
  - Is about to make an unlawful entry in the Council's account
- 1.11 To report any breach of Financial Regulations to the Resources Board,

## **Responsibilities of Senior Officers (Senior Officers are defined in this context as Assistant Director's, and Principal Officers acting under delegated authority)**

- 1.12 To promote the financial management standards set by the Deputy Chief Executive in their divisions and to monitor adherence to the standards and practices, liaising as necessary with the Deputy Chief Executive.
- 1.13 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.
- 1.14 To ensure that Financial Regulations are followed by his/ her staff.
- 1.15 To consult with the Deputy Chief Executive with respect to any matters within his/her control which are liable to materially affect the finances of the Council. This should be carried out before any provisional or other commitment is made and before any report to Board.
- 1.16 The control of staff and the security, custody and control of all other resources, including plant, buildings, vehicles, materials, cash and stores relating to his/her Division.
- 1.17 To take adequate steps to ensure that all staff, consultants or agency placements responsible for any matter covered by Financial Regulations have access to them, understand the contents and are following them.
- 1.18 To report to the Deputy Chief Executive where the Regulations have not been followed. The Deputy Chief Executive will decide whether to investigate and report to the appropriate Board depending on the circumstances in each case.

## **2 MANAGING EXPENDITURE**

### **Scheme of virement and budget transfer**

#### **Why is this important?**

- 2.1 The scheme of virement is intended to enable Boards, senior officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Executive Board, and therefore to optimise the use of resources.

#### **Key Controls**

- 2.2 Key controls for the scheme of virement are:
  - (a) It is administered by the Assistant Director (Finance and HR) within the guidelines below.
  - (b) The overall budget is agreed by Executive Board and approved by the full Council. Senior Officers and budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget.
  - (c) Virement does not create additional overall budget liability. Senior Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should 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. Senior Officers must plan to fund such commitments from within their own budgets.

## Ground Rules for Virement and Budget Transfer

2.3 The ground rules apply where:

- (i) An expenditure budget is going to be exceeded or there will be a shortfall in income.
- (ii) There is a saving on expenditure or additional income has been produced and a Senior Officer wishes to use it. In these circumstances the saving on expenditure or additional income will need to have resulted from specific action by the budget manager and not be due to circumstances outside his/her control.

2.4 For the purpose of these ground rules the following definitions apply:-

(a) Virement

The movement of budgetary provision between services. A service is defined as a line appearing in the summary page of the overall budget of a Board, eg:

- Refuse Collection
- Public Conveniences
- Pest Control

(b) Transfer

The movement of budgetary provision between budget heads within a service. A budget head is defined as a line appearing in a service budget, eg Service - Pest Control

- |             |   |                       |
|-------------|---|-----------------------|
| Budget head | - | Employee costs        |
|             | - | Premises              |
|             | - | Supplies and Services |

2.5 The procedures for dealing with virement and transfer are as follows:-

(i) Virement

Up to £5,000	Senior Officer approval in consultation with the Assistant Director (Finance and HR)
£5,000 - £10,000	Service Board approval
Over £10,000	Resources Board approval

(ii) Transfer

Up to £10,000	Senior Officer approval
Over £10,000	Service Board approval

2.6 The figures relate to the value of total movements in any one financial year and not to the maximum value of a single transfer or virement.

2.7 Before a Senior Officer approves a transfer of budget provision, he/she should inform the Assistant Director (Finance and HR) in writing.

2.8 All cases of virement or transfer of budget provision will be recorded by the Assistant Director (Finance and HR).

2.9 Virement or budget transfer is only to take place when the following conditions are satisfied: -

- (i) The proposed savings or additional income to fund any overspend are achievable;

- (ii) The additional expenditure will in fact happen and the particular budget head will be overspent or income will not be achieved;
  - (iii) The total budgets controlled by that Senior Officer will not be overspent;
  - (iv) Extra spending in future years will not be incurred;
  - (v) A change of policy is not involved.
- 2.10 Savings in non-recurring expenditure or additional income should not be used to finance additional recurring expenditure. The use of savings in recurring expenditure to finance additional recurring expenditure in excess of £5,000 will require the approval of the relevant Board.
- 2.11 Virement and transfers will not be made into or out of permanent staffing budgets. This includes payment for temporary staff covering a temporary vacancy, except with prior approval by the Assistant Director (Finance and HR).
- 2.12 The approval of the Resources Board will be required where sums are being vired which result in the start of a new policy or the extension or enhancement of an existing policy of the Council.
- 2.13 Expenditure on staffing, training, capital financing costs and recharges fall outside these ground rules.

### **3 ACCOUNTING POLICIES**

#### **Why is this important?**

- 3.1 Divisions have many systems and procedures relating to the control of the Authority's assets even though there are corporate systems and methods for purchasing, costing and financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

#### **Key Controls**

- 3.2 The key controls for accounting policies are:
- (a) systems of internal control are in place that ensure that financial transactions are lawful;
  - (b) suitable accounting policies are selected and applied consistently;
  - (c) proper accounting records are maintained;
  - (d) financial statements are prepared which present fairly the financial position of the Authority and its expenditure and income.

#### **Responsibilities of the Deputy Chief Executive**

- 3.3 A professional responsibility to ensure that the Authority's financial systems are sound. He/she should therefore be notified of any new development or changes.



## **Responsibilities of the Assistant Director (Finance and HR)**

- 3.4 To select suitable accounting policies, in consultation with the Deputy Chief Executive, and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:
- (a) separate accounts for capital and revenue transactions
  - (b) the basis on which debtors and creditors at year end are included in the accounts
  - (c) details on substantial provisions and reserves
  - (d) fixed assets
  - (e) depreciation
  - (f) capital charges
  - (g) work in progress
  - (h) stocks and stores
  - (i) deferred charges
  - (j) accounting for value added tax
  - (k) government grants
  - (l) leasing
  - (m) pensions
  - (n) any other additional items as required
- 3.5 To arrange for the compilation of all accounts and accounting records of the Council or to ensure that they are prepared under his/ her direction.
- 3.6 To consult with other Senior Officers or staff where revisions are needed to systems of recording, not kept within the Deputy Chief Executive's Directorate.
- 3.7 To control the day to day financial administration of the Council by issuing detailed administrative and accounting instructions, as appropriate. These instructions have the same standing as Financial Regulations.

## **Responsibilities of Senior Officers**

- 3.8 To adhere to the accounting policies and guidelines issued.

## **4 ACCOUNTING RECORDS AND RETURNS**

### **Why is this important?**

- 4.1 Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public funds. It has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources.

### **Key controls**

- 4.2 All Members, finance staff and budget managers operate within the required accounting standards and timetables.
- 4.3 All transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- 4.4 Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.

- 4.5 Reconciliation procedures are carried out regularly to ensure transactions are correctly recorded.
- 4.6 Prime documents are retained in accordance with legislative and other requirements.

#### **Responsibilities of the Assistant Director (Finance and HR)**

- 4.7 To determine the accounting procedures and records for the Authority.
- 4.8 To arrange for the compilation of all accounts and accounting records under his/ her direction.
- 4.9 To comply with the following principles when allocating accounting duties: -
- Separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them;
  - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 4.10 To ensure that all claims for funds including grants are made by the due date.
- 4.11 To prepare and publish the audited accounts of the Authority for each financial year, in accordance with the statutory timetable and with the requirement for the full Council to approve the statements of accounts before 30 September.
- 4.12 To administer the Authority's arrangements for under and overspendings to be carried forward to the following year.
- 4.13 To ensure the proper retention of financial documents in accordance with the requirements set out in the Document Retention Policy.

#### **Responsibilities of Senior Officers**

- 4.14 To maintain adequate records to provide a management trail leading from the source of income/ expenditure through to the accounting statements.
- 4.15 To consult with the Assistant Director (Finance and HR) before implementing any changes of systems or revised procedures or forms relating to financial matters.
- 4.16 To ensure that the following principles are observed in the allocation of accounting duties:
- (i) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, must be separated as much as possible from the duty of collecting or using them
  - (ii) officers charged with the duty of examining and checking the accounts of cash transactions may not themselves perform any of those transactions.
- 4.17 To ensure that the principles of internal check operate in his/her Division and that accounting procedures and financial records under his/her control are kept accurately and up to date.

## 5 THE ANNUAL STATEMENT OF ACCOUNTS

### Why is this important?

5.1 The Authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Full Council is responsible for approving the statutory annual statement of accounts.

### Key Controls

5.2 The key controls for the annual statement of accounts are:

- the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Deputy Chief Executive.
- the Authority's statement of accounts must be prepared in accordance with proper practices, as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (the SORP)(CIPFA/LASAAC).

### Responsibilities of the Deputy Chief Executive

5.3 The preparation of the Authority's statement of accounts, in accordance with proper practices, as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

### Responsibilities of the Assistant Director (Finance and HR)

5.4 To prepare the Authority's statement of accounts, in accordance with proper practices, as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

5.5 To select suitable accounting policies and to apply them consistently.

5.6 To make judgements and estimates that are reasonable and prudent.

5.7 To comply with the Statement of Recommended Practice.

5.8 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

5.9 To make proper arrangements for the audit of the Authority's accounts in accordance with the Accounts and Audit Regulations 1996.

### Responsibilities of Senior Officers

5.10 To comply with accounting guidance provided by the Assistant Director (Finance and HR) and to supply him/her with information when required.

## **B FINANCIAL PLANNING**

### **6 BUDGETING**

#### **Format of the Budget**

##### **Why is this important?**

6.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, and sets the level at which funds may be reallocated within budgets.

##### **Key Controls**

6.2 The key controls for the budget format are:

- the format complies with all legal requirements;
- the format complies with CIPFA's Best Value Accounting – Code of Practice;
- the format reflects the accountabilities of service delivery.

##### **Responsibilities of the Deputy Chief Executive**

6.3 To decide upon the detailed form of capital and revenue estimates and agree with general directions of the Executive Board.

6.4 To collate the estimates approved by Boards and report to the Executive Board, which will recommend the local taxation to be charged for the next year.

##### **Budget Preparation, Monitoring and Control**

##### **Why is this important?**

6.5 Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review its budget targets during the financial year. By continuously identifying and explaining variances against the budget, the Authority can identify changes in trends and resource requirements at the earliest opportunity.

##### **Key controls**

6.6 The key controls for managing and controlling the revenue budget are:

- (a) budget managers are responsible only for income and expenditure that they can influence
- (b) there is a nominated budget manager for each cost centre
- (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- (d) budget managers follow an approved certification process for all expenditure
- (e) income and expenditure are properly recorded and accounted for
- (f) performance levels/levels of service are monitored in conjunction with the budget and any necessary action is taken to align service outputs and budget

(g) amounts provided under the annual revenue estimates are not vired to other purposes without the approval of Resources Board. See Fin Reg.2.3 for the ground rules for virement and budget transfer.

6.7 The inclusion of items in approved revenue estimates or capital programmes gives the right to incur such expenditure unless the Executive Board of the Council has placed a reservation on any such item. Expenditure on any such reserved item may only be incurred when that reservation has been removed.

6.8 Nothing in these Regulations will prevent the Chief Executive from incurring necessary expenditure through exercise of his emergency powers under Section 101(1) (a) of the Local Government and Finance Act 1972.

### **Responsibilities of the Assistant Director (Finance and HR)**

6.9 To prepare estimates of income and expenditure on General Fund revenue accounts and the Housing Revenue Account in conjunction with Senior Officers. These should agree with the financial plans approved by the Council, taking into account all financial implications, including any impact upon Prudential Indicators set by the Council.

6.10 To establish an appropriate framework of budgetary management and control that ensures that: -

- Each Senior Officer has available timely information on income and expenditure on each of their budget heads which is sufficiently detailed to enable them to fulfil their budgetary responsibilities;
- Expenditure is only committed against an approved budget head;
- All officers responsible for committing expenditure comply with the relevant guidance and the financial regulations;
- Variances from approved budgets are investigated;
- Periodic Budgetary Monitoring reports are provided to all Boards;
- Consolidated Budgetary Monitoring reports are provided to Resources Board;
- Housing Revenue Account Budgetary Monitoring reports are provided to the Housing Sub Committee and the Resources Board;
- Periodic monitoring reports of capital expenditure are provided to Resources Board;
- Before the beginning of each financial year all budget holders are provided with financial statements showing details of the budgets for which they are responsible;
- Budget holders receive or have direct access to accurate, timely and appropriate financial information to allow them to carry out effective control.

### **Responsibilities of Senior Officers**

#### **Estimates**

6.11 To prepare estimates of income and expenditure on General Fund Revenue accounts, in consultation with the Assistant Director (Finance and HR) for submission to the appropriate Board. The estimates should agree with the financial plan(s) approved by the Council.

- 6.12 To take into account all financial implications, including any impact upon Prudential Indicators set by the Council, so that each individual Board may report on its budget requirement.
- 6.13 To submit revenue estimates for the Housing Revenue Account to the Housing Sub Committee and the Resources Board.
- 6.14 To ensure that for any proposal to Board which involves additional expenditure during a period for which Council has already approved a budget or a programme of capital expenditure, a report is submitted to Board indicating the sufficiency or otherwise of the existing financial provision in the budget or capital programme.
- 6.15 To manage their divisions' budgets in accordance with these Regulations, either directly or by delegating to members of their staff, as appropriate.
- 6.16 To be accountable for all the financial operations of the services under their control.
- 6.17 To vire or transfer monies, if necessary, under the rules drawn up by the Deputy Chief Executive, shown in this document, and approved by Resources Board.
- 6.18 Not to charge any expenditure or income to another budget controlled by another budget holder without that Officer's prior agreement.

#### **Monitoring – Budgetary Control**

- 6.19 To maintain budgetary control within their departments according to the principles agreed, and to ensure that all income and expenditure is properly recorded and accounted for.
- 6.20 To ensure that an accountable budget manager is identified, as appropriate, for income and expenditure under their control.
- 6.21 To monitor expenditure and income against budgets for which they have responsibility and to ensure that budget heads are not overspent, by taking appropriate corrective action where variations from the approved budget are forecast.
- 6.22 To ensure that a monitoring process is in place to review performance levels/ levels of service in conjunction with the budget and is operating effectively.
- 6.23 To ensure compliance with the scheme of virement.
- 6.24 To ensure that no expenditure or income is charged to a budget controlled by another budget holders without that Officer's prior agreement.
- 6.25 To ensure that, where it appears that the amount of any approved estimate head may be exceeded, or the amount of any head of approved income may not be reached (after allowing for any virement or transfer made in accordance with FR 2.4 to 2.13), that the Assistant Director (Finance and HR) is consulted and the relevant Board informed.

#### **Board Responsibilities**

- 6.26 Amounts provided under the various heads of the approved annual revenue estimates will not be vired to other purposes by a Board without the approval of the Resources Board, except that approval is not required below £10,000, provided that virement is consistent with approved policy and budgeting decisions and exclude any proposal which would mean additional expenditure in later years.

6.27 Any Board of the Council must, before incurring any expenditure which cannot be met from within an approved estimate (after allowing for any virement or transfer made in accordance with Financial Regulations) submit to Executive Board a supplementary estimate request with a detailed statement of the proposed expenditure. This requirement also applies to an expected reduction in income.

6.28 Where a Board proposes:

- a new policy;
- a variation of an existing policy; or
- a variation in the means or time-scale of implementing an existing policy which affects or may affect the Council's finances

it must submit a report to Executive Board, which will report these to the Council.

6.29 Nothing in these Regulations will prevent the Chief Executive from incurring necessary expenditure through exercise of his emergency powers under Section 101 (1)(a) of the Local Government and Finance Act 1972.

6.30 Nothing in these Regulations will prevent a spending Board from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported to the following meeting of the Executive Board.

## **7 CAPITAL PROGRAMME**

### **Why is this important?**

7.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Authority, such as land, buildings and major items of plant, equipment and vehicles. Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing costs and revenue running costs.

7.2 The Government places strict controls on the financing capacity of the Authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

### **Key controls**

7.3 The key controls for a capital programme are: -

- Specific approval by the Executive Board for the capital programme expenditure;
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared;
- The development and implementation of an asset management plan;
- Accountability for each proposal is accepted by a named manager;
- Monitoring of progress in conjunction with expenditure and income and comparison with approved budget.

## **Responsibilities of the Deputy Chief Executive**

- 7.4 To prepare capital estimates jointly with the other Assistant Directors and to report them to Executive Board for approval.
- 7.5 To prepare and submit reports to the Resources Board on the projected income, expenditure and resources compared with the approved estimates.

## **Responsibilities of the Assistant Director (Finance and HR)**

- 7.6 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques.
- 7.7 To determine the definition of 'capital', having regard to government regulations and accounting requirements.

## **Responsibilities of Senior Officers**

- 7.8 To comply with guidance concerning capital schemes and controls issued by the Assistant Director (Finance and HR).
- 7.9 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued.
- 7.10 To ensure that adequate records are maintained for all capital contracts.
- 7.11 To proceed with projects only when there is adequate provision in the capital programme that has been approved by the Executive Board.
- 7.12 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Deputy Chief Executive and, if applicable, approval of the scheme through the capital programme.
- 7.13 To ensure that, before a Board recommends to the Executive Board any scheme involving capital expenditure, the following procedure has been followed:
  - To consult with the Deputy Chief Executive / Assistant Director (Finance and HR)
  - An estimate has been provided which includes the associated likely revenue expenditure and income, for approval by the appropriate Board. The estimate should be prepared on the standard form and include the following:
    - (a) Outcomes expected
    - (b) Options for delivery
    - (c) Estimate of the cost of the proposed work
    - (d) Estimated annual running costs
    - (e) Work (if any) to be replaced
    - (f) Method of financing recommended
    - (g) Any income produced by the scheme
    - (h) Any external funding
    - (i) Chosen options and reasons
    - (j) Benefits
    - (k) Link to priorities
    - (l) Lifetime costs



## 8 MAINTENANCE OF RESERVES

### Why is this important?

- 8.1 The Authority must decide the level of general reserves it wants to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and so protect it from overspending, should such an event occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

### Key controls

- 8.2 To maintain reserves in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC) and agreed accounting policies.
- 8.3 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 8.4 Authorisation and expenditure from reserves by the appropriate Senior Officer in conjunction with the Deputy Chief Executive or Assistant Director (Finance and HR).

### Responsibilities of the Deputy Chief Executive

- 8.5 To advise Executive Board and / or the full Council on prudent levels of reserves for the Authority, and to take account of the advice of the external auditor in this matter.

### Responsibilities of Senior Officers

- 8.6 To ensure that resources are used only for the purposes for which they were intended.

## **C RISK MANAGEMENT AND CONTROL OF RESOURCES**

### **9 RISK MANAGEMENT**

#### **Why is this important?**

- 9.1 The Authority, in all its undertakings, faces risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve our objectives, caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure our assets and to ensure our continued financial and organisational well-being. It is, therefore, an integral part of good business practice. It is concerned with the measures we have in place to manage identified risks and then recommending the action we need to take to control those risks effectively.
- 9.2 It is the responsibility of Resources Board to approve the Risk Management Strategy, and to promote a culture of risk management throughout the Authority.

#### **Key Controls:**

- 9.3 Key controls for Risk Management and Control of Resources are:
- (a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating efficiently throughout the Authority.
  - (b) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
  - (c) Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
  - (d) Provision is made for losses that might result from the risks that remain.
  - (e) Procedures are in place to investigate claims within required timescales.
  - (f) Acceptable levels of risk are determined and insured against, where appropriate.
  - (g) The Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

#### **Responsibility of the Deputy Chief Executive**

- 9.4 To prepare and promote the Authority's risk management policy statement.
- 9.5 To develop risk management controls in conjunction with other senior officers.

#### **Responsibility of the Assistant Director (Finance and HR)**

- 9.6 To arrange all insurance cover and negotiate all claims in consultation with other Officers, where necessary.
- 9.7 To review all insurances annually, or at such other period as is necessary and in consultation with the Deputy Chief Executive and other Senior Officers, as appropriate.

- 9.8 To arrange for suitable fidelity guarantee and professional indemnity insurance for all appropriate employees of the Council.

### **Responsibility of Senior Officers**

- 9.9 Senior Officers will take responsibility for risk management, having regard to advice from the Deputy Chief Executive or his representative, and other specialist officers.
- 9.10 Senior Officers will ensure that there are regular reviews of risk within their departments and are responsible for maintaining risk registers in the agreed corporate form.
- 9.11 All Senior Officers will complete an annual declaration of prioritised risks within their divisions, together with details of controls in place and action taken and any proposed measures to reduce the risk in the following year. Any new risks facing the service and details of any Partnerships in which it is involved must also be reported in the annual declaration.
- 9.12 Senior Officers will promptly inform the Assistant Director (Finance and HR) of all new risks, properties or vehicles which need to be insured and of any alterations affecting existing insurances.
- 9.13 Senior Officers will straightaway inform the Assistant Director (Finance and HR) in writing of any loss, liability or damage or anything likely to lead to an insurance claim and supply any necessary supporting records as may be needed.
- 9.14 Senior Officers will consult the Deputy Chief Executive or Chief Executive or Assistant Chief Executive and Solicitor to the Council relating to the terms of any indemnity which the Council is requested to give.
- 9.15 Senior Officers must ensure that employees, Members or anyone covered by the Authority'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.

## **10 INTERNAL CONTROL**

### **Why is this important?**

- 10.1 The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives. It has statutory obligations, and so needs internal controls to identify and monitor compliance with these obligations.
- 10.2 It 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 those risks.
- 10.3 The system of internal controls is established in order to provide the measurable achievement of:
- (a) Efficient and effective operations
  - (b) Reliable financial information and reporting
  - (c) Compliance with laws and regulations
  - (d) Risk management

### **Key Controls**

- 10.4 The key controls and control objectives for internal control systems are: -

- (a) Key controls should be reviewed on a regular basis and the Authority should 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 guidelines *Guidance for Internal Auditors*, CIPFA's *Code of Practice for Internal Audit in Local Government in the UK* and with any other statutory obligations and regulations.

### **Responsibilities of the Deputy Chief Executive**

- 10.5 To assist the Authority 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.

### **Responsibilities of Senior Officers**

- 10.6 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risk.
- 10.7 To review existing controls in the light of changes affecting the Authority and to establish and implement new controls in line with guidance from the Deputy Chief Executive.
- 10.8 To ensure staff have a clear understanding of the consequences of lack of control.

## **11 AUDIT REQUIREMENTS**

### **Internal Audit**

#### **Why is this Important?**

- 11.1 The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that Authorities make arrangements for the proper administration of their financial affairs. The Accounts and Audit Regulations 1996 (SI 1996/590) regulation 5, more specifically require that "a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems."
- 11.2 Internal Audit is an independent and objective appraisal function established by the Authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.

#### **Key Controls**

- 11.3 That it is independent in its planning and operation.

- 11.4 The Audit Manager has direct access to the head of paid service, all levels of management and directly to elected Members.
- 11.5 The Internal Auditors comply with the Auditing Practices Board's guideline *Guidance for Internal Auditors* as interpreted by CIPFA's *Code of Practice for Internal Audit in Local Government in the UK*.

### **Responsibilities of the Deputy Chief Executive**

- 11.6 To ensure that Internal Auditors have the authority to:
- (a) Enter at all times any property of the Council;
  - (b) Have access to all records, documents, minutes and correspondence relating to any financial and other related dealings of the Council which are within the Council's safekeeping or control, including any partnerships in which the Council is involved;
  - (c) Ask for and receive such explanations as are necessary concerning any matter under examination;
  - (d) Require any employee of the Council to produce cash, receipts, books, vouchers, stores, accounting records, plant or any other Council property under his/her control;
  - (e) Access records belonging to third parties, such as contractors, when required;
  - (f) Directly access the head of paid service, all levels of management and elected Members;
  - (g) Review, assess and report to the Senior Officer of the Division being audited on the suitability and use of financial and other controls and the protection of the Council's property and assets against loss due to fraud and wasteful practices, poor value for money or other causes;
  - (h) To ensure that there is effective liaison between external and internal audit.

### **Responsibilities of Senior Officers**

- 11.7 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purpose of their work.
- 11.8 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 11.9 To consider and respond promptly to recommendations in audit reports.
- 11.10 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

### **External Audit**

#### **Why is this important?**

- 11.11 The Local Government Finance Act 1982 set up by the Audit Commission, which is responsible for appointing external auditors to each Local Authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 11.12 The basic duties of the external audit are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the Act requires the Audit Commission to prepare

a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in March 2000 sets out the auditor's objectives to review and report upon: -

- The financial aspects of the audited body's corporate governance arrangements;
- The audited body's financial statements;
- Aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information.

11.13 The Authority's accounts are scrutinised by external auditors, who must be satisfied that the financial statements 'give a true and fair view' of the financial position of the Authority and its income and expenditure for the year in question and complies with legal requirements.

### **Key controls**

11.14 External auditors are appointed by the Audit Commission normally for a period of five years. The Audit Commission prepares a code of practice, which external auditors follow when carrying out their duties.

### **Responsibilities of the Deputy Chief Executive**

11.15 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that they consider necessary for the purposes of their work.

11.16 To ensure that there is effective liaison between external and internal audit.

11.17 To work with the external auditor and advise the full Council, Boards and Senior Officers of their responsibilities in relation to external audit.

### **Responsibilities of Senior Officers**

11.18 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that they consider necessary for the purposes of their work.

11.19 To ensure that all records and systems are up to date and available for inspection.

## **12 PREVENTING FRAUD AND CORRUPTION**

### **Why is this important?**

12.1 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practice.

12.2 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.

### **Key Controls**

12.3 The key controls regarding the prevention of fraud and corruption are that:

- (a) The Authority has an effective fraud and corruption policy and maintains a culture that will not tolerate fraud and corruption;
- (b) All Members and staff act with integrity and lead by example;
- (c) Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt;
- (d) High standards of conduct are promoted amongst Members;
- (e) A register of interests should be maintained in which any hospitality or gifts accepted must be recorded;
- (f) Whistle blowing procedures must be in place and operate effectively;
- (g) Legislation regarding the Public Interest Disclosure Act 1998 must be adhered to.

### **Responsibility of the Deputy Chief Executive**

12.4 To develop and maintain an anti fraud and anti-corruption policy.

12.5 To maintain adequate and effective internal control arrangements.

### **Responsibilities of Senior Officers**

12.6 To ensure that all suspected irregularities are reported to the Audit Manager.

12.7 To instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

12.8 To ensure that where financial impropriety is discovered, the Deputy Chief Executive is informed.

## **13 ASSETS**

### **Security**

#### **Why is this important?**

13.1 The Authority holds assets in the form of property, vehicles, equipment and furniture worth 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 pre-requisite for proper fixed asset accounting and sound asset management.

### **Key Controls**

13.2 The key controls for the security of resources such as land, buildings, equipment, software and information are:

- (a) Resources are used only for the purpose of the Authority and are properly accounted for;
- (b) Resources are available for use when required;
- (c) Resources no longer required are disposed of in accordance with the law and the regulations of the Authority so as to maximise benefits;

- (d) An asset register is maintained for the Authority, assets are recorded when they are acquired by the Authority and this record is updated as changes occur with respect to the location and condition of the asset;
- (e) All staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation;
- (f) All staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer and internet security policies.

### **Responsibility of the Assistant Director (Finance and HR)**

- 13.3 To ensure that an asset register is maintained in accordance with the following deminimis levels:
- Equipment £5,000,
  - Land and Buildings £10,000.
- 13.4 The function of the asset register is to provide the Authority with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.
- 13.5 To decide on the frequency of the revaluation of assets in conjunction with the Assistant Chief Executive & Solicitor to the Council and in accordance with the Accounting Code of Practice.
- 13.6 To ensure that assets are valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC).

### **Responsibilities of the Assistant Chief Executive & Solicitor to the Council**

- 13.7 To have custody of all title deeds, agreements, contracts, leases, easements and any other documents and items under his control, and be responsible for their security and safe-keeping.
- 13.8 To provide details to the Asset Registrar of all lease agreements entered into or cancelled.

### **Responsibilities of the Corporate Property Officer**

- 13.9 To keep a record of all properties owned by the Council, identifying the purpose for which held, location, extent and plan reference, together with details of purchase, nature of interests, rents payable and details of tenancies granted.
- 13.10 To decide on the frequency of the revaluation of assets in conjunction with the Assistant Director (Finance and HR) and in accordance with the Accounting Code of Practice.

### **Responsibilities of Senior Officers**

- 13.11 To notify all acquisitions and disposals of properties (land and buildings) to the Assistant Director (Finance and HR) within a month of acquisition or disposal.
- 13.12 Where land and buildings are surplus to requirements, to report the recommendation for sale to Board.
- 13.13 To ensure the proper security of all buildings and other assets under their control.



- 13.14 To consult with the Assistant Director (Finance and HR) in any case where security is thought to be inadequate or where it is considered that special security arrangements may be needed or where arrangements agreed with the Council's insurers may be affected.
- 13.15 To 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 has been established as appropriate.
- 13.16 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority.
- 13.17 To ensure that any limits for cash holdings are agreed with the Deputy Chief Executive and are not to be exceeded without his/her express permission.
- 13.18 To ensure that proper security and privacy is maintained with regard to information held on personal computers, and in written form, and for security of other such confidential information held in that Division and for informing the Deputy Chief Executive of any new applications so they can be assessed for notification under the Data Protection Act 1998.
- 13.19 To ensure that any Officers holding keys to safes, similar containers, buildings and vehicles are responsible at all times for their safekeeping. The loss of any safe keys must be reported to the Assistant Director (Finance and HR) straightaway. A record should be maintained by each Senior Officer of all such keys under his/her control, showing the name of the holder, the date of issue and the receiving Officer's signature. The loss of any other keys should be reported to the appropriate Senior Officer, who will take the necessary action.
- 13.20 To ensure that the appropriate staff are aware of the following procedures:
  - (a) Key-holders should notify the Senior Officer of transfers of keys straightaway. Transfers of keys should be evidenced by the timed and dated signature of the receiving officer;
  - (b) Combination lock holders are responsible for keeping such combinations, which should be changed periodically and on the termination of service of any such combination holder, or change of responsibility.
- 13.21 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 13.22 To 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 authority in some way. All employees should comply with the instructions and guidance issued by Information Services.

**Responsibility of the Assistant Director (Corporate Services)**

- 13.23 To ensure the security of all computers and computer software, and to control the access to all records, in compliance with the requirements of the Data Protection Act 1998.

**14 INVENTORIES**

**Responsibilities of Senior Officers**

- 14.1 To maintain an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly. A copy of each inventory should be made available to the Assistant Director (Finance and HR) annually for insurance/audit purposes.

- 14.2 To ensure that no Authority asset is subject to personal use by an employee without proper authority.
- 14.3 To ensure that Council's property is not removed except in the ordinary course of the Council's business or used otherwise than for the Council's purpose unless specific directions are issued by the Senior Officer concerned.
- 14.4 To ensure that all property, machinery, plant and other items are to be included on inventories straightaway when received, and should, as far as possible, be marked in a suitable way as the property of the Council. Valuable and portable items, such as computers, cameras and video/DVD recorders should be identified with security markings as belonging to the Authority.

## 15 STOCKS AND STORES

### Responsibilities of Senior Officers

- 15.1 To ensure the safekeeping of the stocks and stores of his/her Division.
- 15.2 To ensure that stocks are maintained at reasonable levels and are subject to at least an annual and independent (as far as practicable) physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion. Any differences revealed on items of stock when a comparison is made between physical and book-stock must be reported to Internal Audit.
- 15.3 To ensure that no articles or goods may be removed from any store or depot without an order signed by an authorised Officer.
- 15.4 To ensure that records of stores issued and goods received are in a suitable form to be agreed by the Deputy Chief Executive.
- 15.5 To supply to the Assistant Director (Finance and HR) any information as he/she requires in relation to stores for the accountancy, costing and financial records of the Council.

## 16 INTELLECTUAL PROPERTY

### Why is this important?

- 16.1 Intellectual property is a generic term that includes inventions, writing and software development. If these are created by the employee during the course of employment, then they belong to the Authority.

### Responsibility of Senior Officers

- 16.2 To ensure that controls are in place so that staff do not carry out private work in Council time and that staff are aware of the Council's rights with regard to intellectual property.

## 17 ASSET DISPOSAL

### Why is this important?

- 17.1 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources, or those declared surplus to requirements under Contract Standing Orders and Property Procedures, should be disposed of in accordance with the law and the Authority's regulations.

## **Key Controls**

- 17.2 That procedures protect staff involved in the disposal from accusations for personal gain.
- 17.3 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 Authority, and best price is obtained, bearing in mind other factors such as environmental issues and in accordance with Contract Standing Orders and the Property Procedures.

## **Responsibility of the Assistant Director (Finance and HR)**

- 17.4 To ensure that appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds if appropriate.

## **Responsibilities of Senior Officers**

- 17.5 To ensure that all surplus or obsolete materials, stores or equipment are disposed of by competitive tender or quotation when the value for such surplus stock is estimated to be higher than £500 and in accordance with Contract Standing Orders.
- 17.6 To ensure that any disposal of surplus or obsolete materials and stores, or equipment recorded on inventories, below the value of £500, are notified to the Assistant Director (Finance and HR) in writing.
- 17.7 To seek advice from purchasing advisors on the disposal of surplus or obsolete materials, stores or equipment.
- 17.8 To ensure that income received for the disposal of an asset is properly banked and coded.

## **18 TREASURY MANAGEMENT**

### **Why is this important?**

- 18.1 Millions of pounds pass through the Authority's books each year. This led to the establishment of codes of practice. These aim to provide assurance that the Authority's money is properly managed in a way that balances risk with return, but with the over-riding consideration being given to the security of the Authority's capital sum.

## **Key Controls**

- 18.2 That the Authority's borrowings and investments comply with Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition 2009) and the Authority's treasury management policy statement and strategy.
- 18.3 That the following clauses are included in the Council's Financial Regulations:-
- (i) The Council 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 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 this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- (ii) Full 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, in the form prescribed in its TMPs.
- (iii) The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Resources Board, and for the execution and administration of treasury management decisions to the Deputy Chief Executive, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Council nominates Resources Board to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

### **Responsibilities of the Deputy Chief Executive**

- 18.4 To make and administer treasury decisions in accordance with the policy statement, TMPS and CIPFA's Standard of Professional Practice.
- 18.5 To report to Resources Board not less than twice in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers given to him/her. One such report will be an Annual Report which must be presented to the Board by 30 September.
- 18.6 To maintain a register of stock, bonds and mortgages and keep records of all borrowing of money by the Authority.
- 18.7 To make arrangements for the safe keeping of all securities which are the property of or in the name of the Council or its nominees.
- 18.8 To ensure that all investments of money are in the name of the Authority.
- 18.9 To ensure that all borrowings are in the name of the Authority.
- 18.10 To operate bank accounts as are considered necessary.
- 18.11 To prepare Prudential Indicators for Treasury Management, which will be considered together with the strategy and the annual report on activities.
- 18.12 All executive decisions on borrowing, investment or finance are given to the Deputy Chief Executive or through him/her to his/ her staff, who are all required to act in accordance with CIPFA's *Treasury Management in the Public Sector :Code of Practice 2009*.
- 18.13 All money in the hands of the Council will be aggregated for the purpose of treasury management and will be under the control of the appropriate officer for the purposes of Section 151 of the Local Government Act 1972, referred to in the Code as the Chief Financial Officer, who in this Authority is the Deputy Chief Executive.

## 19 **BANKING ARRANGEMENTS AND CHEQUES**

### **Why is this important?**

#### **Key Controls**

- 19.1 All arrangements with the Council's bankers concerning the Council's bank accounts and the issue of cheques will be made through the Deputy Chief Executive.
- 19.2 Cheques will be signed by the Deputy Chief Executive or his/her authorised officers, as may be approved by the Resources Board.
- 19.3 Instructions to the Council's bankers to make bank transfers will only be signed by the Deputy Chief Executive or his/her authorised officers, as may be approved by the Resources Board.
- 19.4 Money transferred by use of a computer link may only be released by the Deputy Chief Executive or his/her authorised officers, as may be approved by the Resources Board.
- 19.5 Computer-printed cheques in excess of £20,000 will bear the personal signature of the Deputy Chief Executive or other such Officer authorised to sign cheques by the Council. All hand-written cheques will be personally signed by the Deputy Chief Executive or his/her authorised representative.

#### **Responsibilities of the Assistant Director (Finance and HR)**

- 19.6 To open and operate such banking accounts as necessary. Such accounts must be in the name of North Warwickshire Borough Council.
- 19.7 To arrange for the provision of cheques and arrange for their safekeeping.
- 19.8 To make arrangements for suitable signatories to the Council's bank accounts.

#### **Responsibilities of the Assistant Chief Executive (Community Services)**

- 19.9 To open and operate such banking accounts as necessary after consultation with the Assistant Director (Finance and HR). Such accounts must be in the name of North Warwickshire Borough Council.

## 20 **CASH FLOATS AND PETTY CASH**

#### **Responsibilities of the Assistant Director (Finance and HR)**

- 20.1 To give cash floats to Officers for the payment of minor expenses of the Council. Each cash float will be of such amount as the Assistant Director (Finance and HR) considers necessary and he/she may issue conditions in connection with spending as he/she may consider necessary.

#### **Responsibilities of Senior Officers**

- 20.2 To request any new floats or increases to existing floats, together with valid reasons for the increase, to the Assistant Director (Finance and HR).
- 20.3 To review and approve the arrangements made for the safekeeping of the float.
- 20.4 To ensure that where staff are leaving the employ of the Authority or otherwise ceasing to hold a float, the float is properly handed in and accounted for.

## **Responsibilities of Staff**

- 20.5 An Officer responsible for a cash float will give the Assistant Director (Finance and HR) a certificate stating the balance of his/her cash advance at the 31 March each year, and at any other time the Assistant Director (Finance and HR) or the Deputy Chief Executive requires.
- 20.6 To record all transactions as they occur. Vouchers and cash balances must be available for checking at any time by the Deputy Chief Executive (or his/her representative).
- 20.7 To 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.
- 20.8 To make arrangements for keeping the cash balances and vouchers in a safe place.
- 20.9 To ensure that any income received on behalf of the Council is not paid into a cash float but is banked or paid to the Authority.
- 20.10 To limit purchases through petty cash to minor items of expenditure and to such other items as the Assistant Director (Finance and HR) may approve. Any purchase must be supported by a receipted voucher. Where appropriate, Value Added Tax vouchers must accompany any taxable payment made.

## **21 STAFFING**

### **Why is this important?**

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

### **Key Controls**

- 21.2 An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched.
- 21.3 Procedures are in place for forecasting staffing requirements and cost.
- 21.4 Controls are implemented that ensure that staff time is used efficiently and to the benefit of the Authority.
- 21.5 Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

### **Responsibility of the Deputy Chief Executive**

- 21.6 To ensure that budget provision exists for all new and existing employees.

### **Responsibilities of the Assistant Director (Finance and HR)**

- 21.7 To make payment of all salaries, gratuities, compensation and other items to all employees or former employees or under arrangements approved and controlled by him/her.

## **Responsibilities of Senior Officers**

- 21.8 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary costs.
- 21.9 To ensure that both HR and Payroll are notified promptly of any new staff or any leavers.
- 21.10 To notify Payroll in an agreed form and time of all staff absence from work for sickness.
- 21.11 To provide a list of officers who are authorised to sign timesheets, invoices, orders, etc on behalf of the Senior Officer. This should be on the prescribed form and include specimen signatures, together with any specified limits.
- 21.12 To ensure that all timesheets or other pay documents are certified by hand and returned to Payroll for processing.

## **D FINANCIAL SYSTEMS AND PROCEDURES**

### **22 GENERAL**

#### **Why is this important?**

- 22.1 Divisions have many systems and procedures relating to the control of the Authority's assets. They are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 22.2 The Deputy Chief Executive has a professional responsibility to ensure that the Authority's financial systems are sound and should therefore be notified of any new developments or changes.

#### **Key Controls**

- 22.3 Basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated.
- 22.4 Performance is communicated to the appropriate managers in an accurate, complete and timely basis.
- 22.5 Early warning is provided of deviation from target, plans and budgets that require management attention.
- 22.6 Operating systems and procedures are secure.

#### **Responsibilities of the Deputy Chief Executive**

- 22.7 To make arrangements for the proper administration of the Authority's financial affairs including:
- Issuing advice, guidance and procedures for officers and others acting on the Authority's behalf.
  - Establishing arrangements for the audit of the Authority's financial affairs.
  - Approving any new financial systems to be introduced.
  - Approving any changes to existing financial systems.

#### **Responsibilities of the Assistant Director (Finance and HR)**

- 22.8 To determine the accounting system, form of accounts and supporting financial records in consultation with the Deputy Chief Executive and follow recommended published standards and codes of practice.
- 22.9 To arrange for the accounts and accounting records to be produced.
- 22.10 To consult with other Senior Officers before revising any procedures.
- 22.11 To establish a scheme of delegation identifying officers authorised to act on Senior Officers' behalf with regard to financial matters.



22.12 To control the day to day financial administration of the Council by issuing detailed administrative and accounting instructions, as appropriate. These instructions will have the same standing as Financial Regulations.

### **Responsibilities of Senior Officers**

22.13 To obtain agreement of the Assistant Director (Finance and HR) before introducing any revised system, books or forms relating to finances.

22.14 To ensure that the principles of internal check operate within his/her Division and that accounting procedures and financial records under his/her control are kept accurately and up to date.

22.15 To ensure that the following principles are observed in the allocation of accounting duties:

- The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, are separated as much as possible from the duty of collecting or using them.
- Relevant standards and guidelines for computer systems are observed.
- Compliance with the copyright, designs and patent legislation and, in particular, to ensure that: only software legally acquired and installed by the Authority is used on its computers
- Staff are aware of legislative provisions
- In developing systems, due regard is given to the issue of intellectual property rights

22.16 Officers charged with the duty of examining and checking the accounts of cash transactions may not themselves perform any of those transactions.

### **Responsibility of the Assistant Director (Corporate Services)**

22.17 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site.

22.18 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.

## **23 INCOME**

### **Why is this important?**

23.1 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 goods or services, as this improves the Authority's cash flow and also avoids the time and cost of administering debt. However, this may not always be possible.

### **Key Controls**

23.2 All income due to the Authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.

23.3 All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.

23.4 All money received by an employee on behalf of the Authority is paid without delay to the Assistant Chief Executive (Community Services) straightaway, or as he/she directs to the Authority's bank or National Giro account, and properly recorded. The responsibility for collection should be separated from that:

- Of identifying the amount due
- Of reconciling the amount due to the amount received

23.5 Effective action is taken to pursue non-payment within defined timescales.

23.6 Formal approval for debt write-off is obtained.

23.7 Appropriate write-off action is taken within defined timescales.

23.8 Appropriate accounting adjustments are made following write off action.

23.9 All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.

23.10 Money collected and deposited is reconciled to the bank accounts by a person who is not involved in the collection or banking process.

#### **Responsibilities of the Deputy Chief Executive**

23.11 To control the collection of all money due to the Council.

23.12 The Deputy Chief Executive has the right to inspect any documents or other evidence in connection with contracts, leases, agreements and other arrangements entered into, which involve the receipt of money by the Council.

#### **Responsibilities of the Assistant Chief Executive (Corporate Services)**

23.13 All monies received on behalf of the Council in any Division must be paid to the Assistant Chief Executive (Community Services) straightaway or, as he/she may direct, to the Council's bank account. No deduction may be made from such monies unless the Assistant Chief Executive (Community Services/ Finance and HR) specifically agrees to it.

23.14 To make arrangements for the payment of Council Tax and Non-Domestic Rates.

23.15 To write-off, under delegated powers, uncollectible amounts of Council Tax and NDR of £1,500 or less and to report such write-offs to Board from time to time. Sums due to the Council in excess of £1,500 may not be written off except with the consent of the Council on the recommendation of the appropriate Board or by the Board acting under delegated powers.

23.16 To hold securely receipts, tickets and other records of income for the appropriate period.

#### **Responsibilities of the Assistant Director (Finance and HR)**

23.17 To ensure that there are proper arrangements for the control of all receipt forms, books, tickets and other such items including ordering and supplying them.

23.18 To make arrangements for the collection of monies due for sundry invoices.

23.19 To write off, under delegated powers, uncollectable amounts of sundry debt of £1,500 or less and to report such write-offs to Board from time to time. Sums due to the Council in excess of £1,500 may

not be written off except with the consent of the Council on the recommendation of the appropriate Board or by the Board acting under delegated powers.

23.20 To hold securely receipts, tickets and other records of income for the appropriate period.

### **Responsibilities of the Assistant Director (Corporate Services)**

23.21 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

### **Responsibilities of Senior Officers**

23.22 To ensure that each Officer who banks money does so in accordance with the instructions of the Assistant Director (Finance and HR).

23.23 To ensure that staff are aware that personal cheques must not be cashed out of monies held on behalf of the Council.

23.24 To ensure that any transfer of official money from one member of staff to another is noted in the records of the Division concerned by the timed and dated signature of the receiving officer.

23.25 To give the Assistant Director (Finance and HR) details of work done, goods supplied or services provided and of all other amounts due as may be required by him/her to record correctly any money due to the Council and to make sure that accounts are issued promptly for the collection of the income due.

23.26 To ensure that no new charges or changes in existing charges are made unless reported to the appropriate Board unless the Board has given authority to a Council Officer.

23.27 To ensure that each Board reviews, at least once in each year, as part of the budget process, whether the fees and charges for facilities and services under its control should be amended in any way.

23.28 To notify the Assistant Director (Finance and HR) promptly of all monies due to the Council and of contracts, leases and other agreements and other arrangements entered into which involve the receipt of money by the Council.

23.29 To notify the Assistant Director (Finance and HR) of any outstanding income relating to the previous year as soon as possible after 31 March and in line with the timetable issued.

### **General**

23.30 All cheques will be crossed specifically to the account of the Council when received.

23.31 To ensure that personal cheques are not cashed out of monies held on behalf of the Council.

23.32 Post-dated cheques will not be accepted in payment of debt, except by special arrangement with the Deputy Chief Executive.

23.33 All accounts for income due to the Council will be produced through the Assistant Director (Finance and HR) unless otherwise authorised, except accounts for local taxation, rents and mortgages which will be produced through the Assistant Chief Executive Director (Community Services) and the Assistant Director (Housing). Accounts must be in the name of North Warwickshire Borough Council.

## 24 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

### Why is this important?

24.1 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. We have a statutory duty to achieve best value in part through economy and efficiency. Our procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with contract standing orders and the Procurement Policy and Strategy.

### Key Controls

24.2 The key controls for ordering and paying for work, goods and services are:

- (a) All goods and services are ordered only by appropriate persons and are correctly recorded.
- (b) All goods and services shall be ordered in accordance with Contract standing orders.
- (c) Goods and services received are checked to ensure they are in accordance with the order. Wherever possible, goods should not be received by the person who placed the order.
- (d) Payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- (e) All appropriate evidence of the transaction and payment documentation are retained and stored for the defined period, in accordance with the document retention policy.
- (f) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- (g) In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

### Responsibilities of the Assistant Director (Finance and HR)

- 24.3 To ensure that all the Authority's financial systems and procedures are sound and properly administered.
- 24.4 To make payments from the Authority's bank accounts on the Deputy Chief Executive's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 24.5 To approve any changes to the existing financial system and to approve any new system before it is introduced.
- 24.6 To make payments to contractors on the certification of the appropriate senior officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 24.7 To approve the form of official orders.
- 24.8 To 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.
- 24.9 To provide advice and encouragement on making payment by the most economical means.

24.10 To ensure that a budgetary control system is established that enables commitments incurred by placing orders against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

### **Responsibilities of Senior Officers**

24.11 Each Senior Officer is responsible for all orders issued from his/her Division, and must keep a list of all persons he/she has authorised to sign orders on his/her behalf, including any consultants or agency placements who have also been given appropriate authorisation. Orders will be raised electronically through the Council's Financial Management System. Any change in authorised officers must be notified straightaway to the Assistant Director (Finance and HR).

24.12 To ensure that each order for the supply of goods complies with the Council's approved Purchasing Strategy document.

24.13 To ensure that the cost of official orders is within the overall approved estimates; represents value for money and that Contract Standing Orders have been complied with. Where expenditure is incurred in an emergency, the relevant Senior Officer is responsible for obtaining any subsequent authorisation that may be required.

24.14 To ensure that official orders clearly show the nature and quantity of the materials, works or services required, and details of the agreed price (or estimated price), discounts and terms in relation to packing and delivery.

24.15 To ensure that best value is obtained from purchases by obtaining competitive prices for goods and services of the appropriate quality.

24.16 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, wherever possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories.

24.17 To ensure that before authorising an invoice, the following processes have been carried out:-

- The work, goods or services to which the account relates have been received, carried out, examined and approved;
- The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- The relevant expenditure has been properly incurred, and is within the relevant estimate provision;
- The account has not been previously passed for payment and is a proper liability of the Council.

24.18 Prepayments for goods and services may only be allowed in exceptional circumstances where a significant benefit may be obtained. This should be noted on the invoice/ cheque requisition.

24.19 To ensure that two members of staff are involved in the ordering, receiving and invoice authorisation process. If possible a different officer from the person checking a written invoice should authorise the invoice.

24.20 To ensure that any amendments to the names of officers authorised to sign off orders and invoices is notified to the Assistant Director (Finance and HR) without delay, along with specimen signatures.

- 24.21 To ensure that an agreement to pay any suppliers by direct debit is not entered into without the agreement of the Assistant Director (Finance and HR).
- 24.22 To ensure that all invoices are paid within 30 days, unless the supplier's terms of trade vary. The only exception is where the invoice is disputed. In this instance, the Creditor's section must be notified promptly of the dispute.
- 24.23 To ensure that leasing or rental arrangements are not entered into without prior agreement of the Assistant Director (Finance and HR). This is because of the potential impact on the Authority's borrowing powers, to protect the Authority from entering into unapproved credit arrangements and to ensure that value for money is being obtained.
- 24.24 To notify the Assistant Director (Finance and HR) of outstanding expenditure relating to the previous year as soon as possible after 31 March and in line with the timetable issued.
- 24.25 To notify the Assistant Director (Finance and HR) immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 24.26 To ensure that any payment by the Council's debit card or purchasing card is in accordance with the instructions issued by the Assistant Director (Finance and HR).
- 24.27 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention policy.

### **General**

- 24.28 Every officer and member of the Authority has a responsibility to declare any links or personal interests that they have with purchasers, suppliers and/or contractors if they are engaged in any contractual or purchasing decisions on behalf of the Authority, in accordance with the appropriate codes of conduct.
- 24.29 All orders must be in the name of North Warwickshire Borough Council and must be in a form approved by the Deputy Chief Executive.
- 24.30 Official orders must be in a form approved by the Assistant Director (Finance and HR).
- 24.31 Official electronic orders must be issued for all work, goods or services to be supplied to the Council except for supplies of gas, electricity, water and telephone services, work carried out under written contracts, for periodical payments such as rent or rates, for petty cash purchases, payment of Officers' professional fees or other exceptions as the Assistant Director (Finance and HR) approves.
- 24.32 Verbal orders must be confirmed by electronic order the same day and be marked "Confirmation Order."
- 24.33 The Officer issuing the order has overall responsibility for examining, verifying and authorising the related invoice.
- 24.34 Apart from petty cash, the normal method of payment is by BACS or cheque or by other approved method, drawn on the Authority's bank account. The use of direct debit for payments requires the agreement of the Assistant Director (Finance and HR).
- 24.35 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of any of the Authority's contracts.
- 24.36 No officer is allowed to certify an invoice or claim form for reimbursement of expenditure to him/herself.

- 24.37 Any alterations to manual entries shown on an invoice must be initialled by the officer authorising the payment.

## **25 CONTRACTS**

### **Responsibilities of the Assistant Director (Finance and HR)**

- 25.1 To keep a contract register for payments to be made by instalments to show the state of account on each contract between the Council and the contractor.
- 25.2 To examine final accounts for contracts, to the extent he/she considers necessary, and to make all such enquiries and receive such explanations as he/she may require to satisfy himself/herself as to the accuracy of the accounts.
- 25.3 Where a contractor is unable to complete the material works of a contract, due to financial instability, bankruptcy, etc, to arrange for alternative insurance cover and assess the financial and contractual position.

### **Responsibilities of the Assistant Director (Corporate Services)**

- 25.4 To maintain a register of all Council-wide contracts and update on a regular basis. This is to be maintained on the Internet.

### **Responsibilities of Senior Officers**

- 25.5 To notify the Assistant Director (Finance and HR) as soon as possible of all contracts, agreements, awards or other methods involving the payment or receipt of money on behalf of the Council.
- 25.6 To authorise payments on account to contractors on a certificate which complies with all tax requirements, issued by the appropriate Officer or other authorised Officer of the Council or other person appointed by the Council, showing the total amount of the contract, the value of work done to date, retention money, amount paid to date and the amount now certified as due.
- 25.7 Every variation, addition to, omission from, or alteration in identity of the parties to a contract should be authorised in writing by the appropriate Officer or other person in control of the works. The notification should specify the estimated cost or saving involved and a copy of all such notifications should be sent to the Assistant Director (Finance and HR).
- 25.8 To report to the appropriate Board where a variation of a contract exceeds £5,000 or 10% of the contract sum, whichever is the greater, or any contract exceeds its contract sum by more than 10%, for whatever reason, details of the variation or overspend and the reason(s) for it, as soon as practicable and to every following appropriate Board until the scheme is completed.
- 25.9 The final sum due under any contract or accepted estimate may not be certified for payment until a detailed statement of accounts, together with such documents, vouchers and information as the Deputy Chief Executive may require relating to prime costs, quantities, variations, rates, additions or omissions, has been approved by the Assistant Director (Finance and HR) or his/her representative.
- 25.10 It is the responsibility of the Senior Officer concerned to ensure that the final account is correct before being sent to the Assistant Director (Finance and HR).
- 25.11 To refer claims from contractors in respect of matters not clearly within the terms of an existing contract to the Assistant Chief Executive & Solicitor to the Council for consideration of the Council's

legal liability, and where necessary, to the Deputy Chief Executive for financial consideration before a settlement is reached.

- 25.12 Where a contractor is unable to complete the material works of a contract, due to financial instability, bankruptcy, etc, the Senior Officer will report to the Board concerned and will secure the site immediately, arrange with the Assistant Director (Finance and HR) for alternative insurance cover and assess the financial and contractual position. Arrangements will be made for alternative contractors to continue or complete the works, by following contract standing orders as to the employment of contractors.
- 25.13 Where completion of a contract over £40,000 is delayed beyond the contract period, to take appropriate action in respect of any claim for liquidated damages and to report this to the Board concerned.
- 25.14 To notify the Assistant Director (Finance and HR) of any leasing or rental agreements prior to entering into such a contract.
- 25.15 To notify the Assistant Director (Corporate Services) of all contracts entered into and contracts being arranged to enable monitoring of financial limits according to Contract Standing Orders, and to facilitate value for money.

## **General**

- 25.16 Officers must not purposely disaggregate orders/contracts to avoid the limits and processes set out in contract standing orders.
- 25.17 Where orders for goods, services, materials, or for the execution of any work are made on a continuous basis for the same type of work with the same supplier, and it is envisaged that the total amount of such purchases in any one year will exceed the amounts specified in Contract Standing Orders, then the provisions and limits within those Standing Orders will apply. Orders of this type should be subject to competition.

## **26 PAYMENTS TO EMPLOYEES AND MEMBERS**

### **Why is this important?**

- 26.1 Staff costs are the largest item of expenditure. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments are in accordance with individual's 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 Council.

### **Key Controls**

- 26.2 Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
- Starters;
  - Leavers;
  - Variations; and
  - Enhancements

and that payments are made on the basis of timesheets or claims if appropriate.

- 26.3 Frequent reconciliation of payroll expenditure against approved budget and bank account.



26.4 All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention scheme.

26.5 That Inland Revenue regulations are complied with.

### **Responsibilities of the Assistant Director (Finance and HR)**

26.6 To arrange and control secure and reliable payment of salaries, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures on the due date.

26.7 To make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

26.8 To make arrangements for payment of all travel and subsistence claims or financial loss allowances.

26.9 To make arrangements for paying Members' travel or other allowances upon receiving the prescribed form, duly completed.

### **Responsibilities of Senior Officers**

26.10 To ensure that appointments, resignations, dismissals, suspension, secondments and transfers are made in accordance with the regulations of the Authority and approved establishments, grades and scales of pay and that adequate budget provision is available.

26.11 To ensure that adequate and effective systems and procedures are operated, so that:

- Payments are only authorised to bona fide employees
- Payments are made only 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

26.12 To send an up to date list of the names of officers to sign timesheets and claims to Payroll.

26.13 To give careful consideration to the employment status of individuals employed on a self-employed consultant or sub-contract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from Payroll.

26.14 To certify travel, subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that Payroll is informed, where appropriate.

26.15 To ensure that Payroll is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax assessment system.

26.16 To notify the Assistant Director (Finance and HR) in an agreed form and time of all absences from work for sickness.

### **Responsibilities of Members**

26.17 To submit claims for Members' travel and subsistence allowances on a monthly basis.

## 27 TAXATION

### Why is this important?

27.1 Like all organisations, the Authority 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 officers to be aware of their role.

### Key Controls

27.2 The key controls for taxation are:

- (a) budget managers are provided with relevant information and kept up to date on tax issues
- (b) budget managers are instructed on required record keeping
- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) returns are made to the appropriate Authorities within the stipulated timescale

### Responsibilities of the Assistant Director (Finance and HR)

27.3 To complete all Inland Revenue returns regarding PAYE.

27.4 To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.

27.5 To provide details to the Inland Revenue regarding the construction industry tax deduction scheme.

27.6 To maintain up to date guidance for Authority employees on taxation issues in the accounting manual and the tax manual.

### Responsibilities of Senior Officers

27.7 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.

27.8 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

27.9 To ensure that all persons employed by the Authority are added to the Authority'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.

27.10 To follow the guidance on taxation issued by the Assistant Director (Finance and HR) in the Authority's accounting manual and VAT manual.

## 28 TRAVEL, SUBSISTENCE AND FINANCIAL LOSS ALLOWANCES

### Responsibilities of the Assistant Director (Finance and HR)

28.1 To arrange for payment to be made as appropriate.

- 28.2 To set in place a process to check the insurance, license and MOT details for any officer using his/her car for official business.

### **Responsibilities of Senior Officers**

- 28.3 To send the names of Officers authorised to certify travel and subsistence claims to the Assistant Director (Finance and HR), together with specimen signatures and to amend this, as appropriate. The certification by or on behalf of the Senior Officer means that the Certifying Officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

### **Staff responsibility**

- 28.4 It is the responsibility of each officer using his/her car for official business to have up-to-date insurance and MOT cover. Details should be provided at least annually to the Assistant Director (Finance and HR) or his/her representative. Travel allowance will not be paid to any officer who does not produce the necessary documentation.
- 28.5 To ensure that all claims for payment of car allowances, subsistence payments, travelling and incidental expenses are submitted, certified in a form approved by the Assistant Director (Finance and HR), to him/her, within seven days of a specified day of each month.
- 28.6 In any instance where a spouse or other person is authorised to drive a leased car, then it is the responsibility of the leased car holder to produce that person's driving licence as part of the annual check carried out by the Assistant Director (Finance and HR).
- 28.7 Any change in the status of the driving licence, including penalty points, of the leased car holder or other person must be notified to the Assistant Director (Finance and HR) promptly.
- 28.8 Officers are responsible for any parking or speeding fines, even if incurred whilst on official business.
- 28.9 Officers' claims submitted more than three months after the expenses were incurred will be paid only with the approval of the Deputy Chief Executive.
- 28.10 Payments to Members, including co-opted Members of the Council or its Boards who are entitled to claim travelling or other allowances will be made by the Assistant Director (Finance and HR) upon receipt of the appropriate completed form. All claims for a financial year should be submitted within one month of 31 March.
- 28.11 Payment to approved individuals/groups who are entitled to claim travelling or other allowances will be made by the Assistant Director (Finance and HR) upon receipt of the appropriate completed form.

## **E EXTERNAL ARRANGEMENTS**

### **29 PARTNERSHIPS**

#### **Why is this important?**

- 29.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local Authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, 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.
- 29.2 Local Authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local Authorities will be measured by what they achieve in partnership with others.

#### **General**

29.3 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

29.4 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

29.5 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

29.6 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

### **Key Controls**

29.7 The key controls for Authority partners are:

- (a) if appropriate, to be aware of their responsibilities under the Authority's financial regulations and the code of practice on tenders and contracts
- (b) to ensure that risk management processes are in place to identify and assess all known risks
- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution

### **Responsibilities of the Deputy Chief Executive**

29.8 To advise on effective controls that will ensure that resources are not wasted.

29.9 To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements

29.10 To ensure that the accounting arrangements are satisfactory.

### **Responsibilities of Senior Officers**

29.11 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Deputy Chief Executive.

29.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Deputy Chief Executive.

- 29.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority.
- 29.14 To ensure that all agreements and arrangements are properly documented.
- 29.15 To provide appropriate information to the Deputy Chief Executive to enable a note to be entered into the Authority's statement of accounts concerning material items.
- 29.16 To report annually to the appropriate Board, or more frequently if required to Management Team, on the progress of the Partnership.

## **30 EXTERNAL FUNDING**

### **Why is this important?**

- 30.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority. Local Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies, such as the National Lottery and the single regeneration budget, provide additional resources to enable the Authority 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 Authority's overall plan.

### **Key Controls**

- 30.2 The key controls for external funding are:
  - (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
  - (b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council.
  - (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

### **Responsibilities of the Deputy Chief Executive/Assistant Director Finance and HR**

- 30.3 To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts.
- 30.4 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 30.5 To ensure that audit requirements are met.

## **Responsibilities of Senior Officers**

- 30.6 To ensure that the Assistant Director (Finance and HR) is notified of all applications and approvals for external funding.
- 30.7 To ensure that all claims for funds are made by the due date.
- 30.8 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

## **31 WORK FOR THIRD PARTIES**

### **Why is this important?**

- 31.1 Current legislation enables the Authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise.
- 31.2 Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.

### **Key Controls**

- 31.3 The key controls for working with third parties are:
  - (a) to ensure that proposals are costed properly in accordance with guidance provided by the Deputy Chief Executive;
  - (b) to ensure that contracts are drawn up using guidance provided by the Deputy Chief Executive and that the formal approvals process is adhered to.

## **Responsibilities of Senior Officers**

- 31.4 To ensure that the approval of the appropriate Board is obtained before any negotiations are concluded to work for third parties.
- 31.5 To maintain a register of all contracts entered into with third parties.
- 31.6 To ensure that appropriate insurance arrangements are made through the Assistant Director (Finance and HR).
- 31.7 To ensure that the Authority is not put at risk from any bad debts.
- 31.8 To ensure that no contract is subsidised by the Authority, unless this decision has been approved by Resources Board.
- 31.9 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 31.10 To ensure that the department/unit has the appropriate expertise to undertake the contract.
- 31.11 To ensure that such contracts do not impact adversely upon the services provided for the Authority.
- 31.12 To ensure that all contracts are properly documented.
- 31.13 To provide appropriate information to the Deputy Chief Executive to enable a note to be entered into the statement of accounts.

## **Agenda Item No 8**

### **Resources Board**

**6 September 2012**

#### **Report of the Deputy Chief Executive**

#### **Annual Investment Strategy 2012/13**

### **1 Summary**

- 1.1 This report proposes some revisions to the Annual Investment Strategy for 2012/13 previously approved by Council.

#### **Recommendation to the Council**

**That the revisions to the 2012/13 Investment Strategy be agreed.**

### **2 Consultation**

- 2.1 Councillors Butcher, Moore and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

### **3 Introduction**

- 3.1 A Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2012/13 was agreed by this Board and adopted by Council at its meeting on 22 February 2012.
- 3.2 The Investment Strategy highlighted that the Council's investment priorities are the security of capital and the liquidity of its investments. Although a lower priority, it also aims to achieve the optimum return on its investments, with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to secure all of its investments.

### **4 Creditworthiness Policy**

- 4.1 This Council uses the creditworthiness policy service provided by Sector Treasury Services as the basis for setting limits on its investments, which provides a comprehensive review of the creditworthiness of counterparties.
- 4.2 A report was brought to the June meeting of this Board which highlighted the increasing difficulties of placing the Council's investment balances, due to the minimum levels of investments set by counterparties, and the difficulties currently within the financial markets. The Board agreed to some minor amendments of the investment limits previously set out for 2012/13, which have given some assistance in the short term.



4.3 The June report highlighted the intention to look in more detail whether any further amendments could be made, without jeopardising the security and liquidity of investments.

## 5 Proposed Amendments

5.1 Investments are currently only being placed on a short term basis, in line with the guidance received from the creditworthiness policy service provided by Sector Treasury Services. This protects the security of the investments, but means that the investment income that can be earned is very low. The review carried out has looked at options to improve the investment rates that can be earned, without jeopardising the security of the investments.

5.2 There are a number of nationalised and part nationalised banks within the United Kingdom, which currently have an A rating. Using our current investment criteria, we are only able to invest a maximum of £1.25 million with A rated institutions for up to six months. It is suggested that some amendments are made to our current investment criteria, to allow additional investment with nationalised and part nationalised banks. A revised table is shown below, with the revisions shown in bold.

Group Limit – Up to 30 % of total investments		
Other Limits – up to 50% of total investments may be invested for a period of more than 1 year		
Up to 100% of total investments may be made in UK institutions		
Up to 50% of total investments may be made in non UK institutions		
Up to 100% of total investments may be invested for a period of up to 1 Year		
Up to 20% of the investment portfolio in any one country outside the UK		
Money market Funds- as the funds are spread over a large number of institutions, these do not form part of any group limit.		
Individual Limits	Amount or % of total investments held	Rating
> 1 year	£2 million	Supranational banks AAA
> 1year	£3 million	AAA Money Market Funds
> 1 year	£2 million	AAA F1+
> 1 year	£1 million	AA- F1+
< 1 year	£2 million	AAA F1+
< 1 year	£2 million	AA+ F1
<1 year	£2 million	AA F1+
<1 year	£2 million	AA- F1+
<b>&lt;1 year</b>	<b>£1.5 million</b>	<b>nationalised/part nationalised</b>
<6 months	£1.25 million	A+ F1+
<b>&lt;6 months</b>	<b>£2 million</b>	<b>nationalised/part nationalised</b>
<6 months	£1.25 million	A F1
<3 months	£750,000	A- F1

5.3 This proposal has been discussed with the Council's treasury advisors, to assess the associated risks. Given the nationalised or part nationalised status of these banks, it is considered that there is minimal additional risk in placing funds with these institutions. The group limit will stay in place and will ensure that only an appropriate proportion of investments are placed with any group.

## 6 Conclusion

6.1 The additional criteria will enable the council to obtain a better rate of interest, with minimal additional risk.

## 7 Report Implications

### 7.1 Finance and Value for Money Implications

7.1.1 The additional criteria will assist in the investment of funds.

### 7.2 Risk Management Implications

7.2.1 In making any investment decision, whatever its duration, the risk attached is always taken into account.

The Contact Officer for this report is Sue Garner (719374).

## Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Resources Board – agenda item 18	Deputy Chief Executive	Board report	30 Jan 2012

**Report of the  
Deputy Chief Executive**

**A Review of the Effectiveness of  
Internal Audit 2011-12**

**1 Summary**

- 1.1 The report allows the Board to consider the annual review of the effectiveness of the system of Internal Audit.

**Recommendation to the Board**

**That Members note the findings of the annual review of the effectiveness of the system of internal audit for 2011-12; and note that the system of internal audit is operating effectively and can be relied upon as reflected in the Annual Governance Statement for 2011-12.**

**2 Report**

- 2.1 In accordance with the Accounts and Audit (Amendment) (England) Regulations 2006 the Council is required to undertake an annual review of the effectiveness of its system of Internal Audit.
- 2.2 CIPFA (Chartered Institute of Public Finance and Accountancy) have published a Code of Practice for Internal Audit in Local Government in the United Kingdom and this is widely accepted as the guidance that internal audit teams adhere to in best practice.
- 2.3 The Code encompasses eleven key areas (standards) of service delivery namely:  
Scope of Internal Audit; Independence; Ethics for Auditors; Audit Committees; Relationships; Staffing, Training and Continuing Professional Development; Audit Strategy and Planning; Undertaking Audit Work; Due Professional Care; Reporting; and Performance Quality and Effectiveness. It also contains a prepared checklist for self assessment.

**3.2 Review Details**

- 3.2.1 The elements of this review are:

- A self assessment to determine compliance with the Code of Practice undertaken by the Head of Audit.
- Production of an Action Plan identifying where full compliance has not been achieved to ensure full compliance with the Code in future.

- The level of assurance placed upon the work of Internal Audit by the External Auditor.
- Report upon the results of any satisfaction questionnaires.
- Report upon any other performance indicators collected in respect of Internal Audit.

#### 4 Review Results

4.1 The Internal Audit service has been judged against the eleven standards highlighted above. The table below details the number of areas where Internal Audit is judged to be fully compliant (98%), partially compliant (2%) or non compliant (0%).

Standard	Description	Fully Compliant Areas	Partially Compliant Areas	Not Compliant Areas
1	Scope of Internal Audit	20	0	0
2	Independence	11	0	0
3	Ethics for Auditors	11	0	0
4	Audit Committees	10	1	0
5	Relationships	14	0	0
6	Staffing, training and CPD	11	0	0
7	Audit Strategy and Planning	20	1	0
8	Undertaking Audit Work	18	0	0
9	Due Professional Care	11	0	0
10	Reporting	32	0	0
11	Performance, Quality and Effectiveness	24	1	0
Totals		182 98.3%	3 1.7%	0

4.2 As can be seen above, 8 of the eleven standards are complied with in full and 3 partially.

4.3 For those areas of partial compliance none are considered to significantly affect the effectiveness of Internal Audit. However, an action plan has been created to address these areas. (See Appendix A)

...

4.4 The External Auditors (Price Waterhouse Coopers) have stated that they are able to place full reliance on the work of Internal Audit following their review carried out in April 2012.

4.5 In addition to the self assessment against the Code of Practice, other factors are deemed to be important when trying to determine the effectiveness of the system of internal audit. These include both qualitative and quantitative issues such as:

- Customer Satisfaction Questionnaires are issued to all managers after a final report has been issued to establish the quality and effectiveness of the review. In all those returned there was 100% satisfaction.

- Internal audit are required to achieve at least 90% of the Audit Plan. During 2011-12 94% of the Plan was completed.
- 100% of recommendations made were accepted by management and implemented.
- 95% of audits were completed by the set deadline and 95% completed within the time allowed.
- Benchmarking through CIPFA in 2011 showed that we compared favourably with our chosen comparators and nationally.

## 5 Report Implications

### 5.1 Risk Management Implications

5.1.1 Not complying with the Code of Practice for Internal Audit in Local Government will result in non compliance with the Accounts and Audit Regulations 2006.

### 5.2 Links to Council's Priorities

5.2.1 An effective, productive and compliant Internal Audit service will contribute to the Councils priority of "Making best use of resources through achieving a balanced budget and developing our workforce".

The Contact Officer for this report is Barbara Haswell (719416).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

## CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT IN LOCAL GOVERNMENT 2006

## ACTION PLAN – COMPLIANCE WITH THE CODE

NB – This Action Plan details those areas where full compliance with the Code of Practice was not achieved in 2011-12, together with actions planned.

Ref.	Adherence to the Standard	Findings 2011-12	Outstanding Actions	Allocated to	Timescale
4.1.1	Does the organisation have an independent audit committee?	No but external auditors accept the role played by Resources Board and Executive Board.	Ensure that Boards act effectively as an audit committee.	Resources Board and Executive Board.	March 2013
4.2.4	Does the Head of Internal Audit: <ul style="list-style-type: none"> <li>Attend the committee and contribute to its agenda?</li> </ul> Participate in the committee's review of its own remit and effectiveness?	No attendance at Board by Head of Audit as a matter of routine, represented by the Deputy CEO. HoA Meets with leading Board Members at least twice a year	None- system works as it is with attendance by Head of Audit when necessary.		
7.2.3	Does the audit plan: <ul style="list-style-type: none"> <li>Differentiate between assurance and other work?</li> </ul>	Not clearly identifiable from the formal document	Alter format of the plan for 2013 onward to show the difference clearly	Head of Audit	March 2013

**Agenda Item No 10**

**Resources Board**

**3 September 2012**

**Report of the Assistant Director  
(Finance and Human Resources)**

**Housing Revenue Account  
Budgetary Control Report 2012/2013  
Period Ended 31 July 2012**

**1 Summary**

- 1.1 The report covers total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 July 2012.

<p><b>Recommendation to the Board</b></p> <p><b>That the report be noted.</b></p>
---

**2 Consultation**

- 2.1 Councillors Butcher, Moore and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

**3 Report**

- 3.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services and Member costs.

**4 Overall Position**

- 4.1 The Housing Revenue Account includes all costs and income relating to the letting and management of the Council's housing stock, and this has to be kept separate from General Fund expenditure. The actual position for the HRA for the period ended 31 July 2012 is a surplus of £1,399,979, compared with a forecast surplus position for the period of £1,422,909. Where possible, the forecast position has been profiled to reflect seasonal variations in expenditure and income, in order to give a better comparison with actual figures. The actual position is an unfavourable variance of £22,930 on the forecast position. Appendix A to this report provides details of the profiled and actual position for expenditure and income incurred by the HRA, and an explanation of significant variations are given in more detail below.

...

- 4.2 There is an over spend on the Supervision and Management General budget on recruitment of £5,780.
- 4.3 There is an under spend on Supervision and Management Special relating to utility costs and window cleaning at flats and communal centres of £11,340. This has been partially offset by an over spend to date on equipment of £1,220 on flats and communal centres and an under recovery of supporting people income from Warwickshire County Council of £1,110.
- 4.4 There will be a saving on the Public Works Loan Board fees budget as this was paid in 2011-12.
- 4.5 There is additional spend to date on capital expenditure of £51,365 relating to Community Centres, windows, kitchens and bathrooms and roofing budgets.

## 5 **Housing Direct Works**

- 5.1 There is an overspend on employee costs reflecting to the higher usage of agency staffing on day to day repairs, voids and sickness cover. This has been partially offset by a decrease to date in supplies and services due to lower usage and cost of materials of £9,167 and scaffolding of £4,657. Appendix B to this report provides the profiled and actual expenditure of Housing Direct Works in more detail.

## 6 **Housing Repairs Fund**

- 6.1 The Housing Repairs Fund covers expenditure on all repairs and maintenance, both day to day and programmed whether carried out by Housing Direct Works or external contractors. This includes any surplus or deficit on the operation of Housing Direct Works.
- 6.2 The balance on the Fund at the start of the year amounted to £52,658. The balance can be used to cover timing issues between years. In 2012/13 the contribution to the fund is £2,541,980. Any over-spend in the repairs fund would impact on the use of Housing Revenue Account balances if it exceeded the balance on the fund and the contribution in the year.
- 6.3 The position on the fund at the end of July is shown in Appendix C. A lower level of work relating to capital and Facilities Management has been carried out by HDW, with the additional costs charged to the Housing Repairs Fund for housing work. In addition there are additional costs relating to asbestos works. It shows that if spend continues at current levels, there will be a significant shortfall on the fund at year end.
- 6.4 As spend on the fund fluctuates during the year due to the timing of works, further analysis of spend to date is underway, to assess whether the increased use of the Repairs Fund is due to timing issues or changes in the demand for services.



## **7 Risks to the Budget**

- 7.1 The key risks to the budgetary position of the Housing Revenue Account in 2012/13 include:
- Rising tenant expectations, following extensive improvement works may increase the demand for repairs, which will need to be continuously monitored;
  - Any reduction in the performance of Housing Direct Works will put pressure on the Council to use external contractors and therefore will impact on the level of expenditure.

## **8 Estimated Out-turn**

- 8.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for the Council. The anticipated out turn for the HRA for 2012/13 is £186,170 surplus.
- 8.2 The estimated out-turn for the Repairs Fund remains the same as that included in the original budget.

## **9 Report Implications**

### **9.1 Finance and Value for Money Implications**

- 9.1.1 The Council is currently forecasting a contribution to the Housing Revenue Fund balance for the 2012/13 financial year of £186,180. Income and expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment.

### **9.2 Environment and Sustainability Implications**

- 9.2.1 The Council has to ensure that it adopts and implements robust and comprehensive budgetary monitoring and control, to ensure not only the availability of services within the current financial year, but in future years.

The Contact Officer for this report is Nigel Lane (719371).

	Revised Business Plan Budget 2012/2013	Expected Spend 2012/2013	Actual Spend 2012/2013	Variance	Comments
<b>EXPENDITURE</b>					
Repairs and Maintenance	2,541,980	869,049	869,049	-	
Supervision and Management - General	1,116,250	359,658	364,467	4,809	Comment 4.2
Supervision and Management - Special Services	423,020	133,766	123,883	(9,883)	Comment 4.3
Provision for Bad Debts	100,000	33,333	33,333	-	
Interest on Loans	1,643,000	547,667	547,667	-	
Revenue Set Aside (debt Repayment)	750,000	250,000	250,000	-	
PWLB Settlement Fee	22,000	22,000	-	(22,000)	Comment 4.4
Contribution to Contingency Reserve	1,000,000	-	-	-	
Capital Expenditure - New Build	1,000,000	-	-	-	
Capital Expenditure	2,222,000	254,159	305,524	51,365	Comment 4.5
<b>Total Expenditure</b>	<b>10,818,250</b>	<b>2,469,632</b>	<b>2,493,923</b>	<b>24,291</b>	
<b>INCOME</b>					
Gross Rent Income from Dwellings	(10,574,070)	(3,744,983)	(3,748,203)	(3,220)	
Gross Rent Income from Non-Dwellings	(339,040)	(126,506)	(124,839)	1,667	
Charges for Services and Facilities	(79,350)	(17,062)	(16,870)	192	
<b>Total Income</b>	<b>(10,992,460)</b>	<b>(3,888,551)</b>	<b>(3,889,912)</b>	<b>(1,361)</b>	
<b>NET COST OF SERVICES</b>	<b>(174,210)</b>	<b>(1,418,919)</b>	<b>(1,395,989)</b>	<b>22,930</b>	
Amortised Premiums and Discounts	29,030	9,677	9,677	-	
Investment Income - Mortgages	(80)	(27)	(27)	-	
- Other	(40,920)	(13,640)	(13,640)	-	
<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>(186,180)</b>	<b>(1,422,909)</b>	<b>(1,399,979)</b>	<b>22,930</b>	

**APPENDIX B**

**HOUSING REVENUE ACCOUNT**  
**HOUSING DIRECT WORKS**  
**Budgetary Control Report as at 31 July 2012**

	<b>Original Budget 2012/2013</b>	<b>Expected Spend 2012/2013</b>	<b>Actual Spend 2012/2013</b>	<b>Variance</b>
<b>EXPENDITURE</b>				
Employee Costs	841,670	278,780	282,182	3,402
Supplies and Services	604,290	201,260	185,373	(15,887)
Transport	94,560	29,818	33,075	3,257
<b>Gross controllable Expenditure</b>	<b>1,540,520</b>	<b>509,858</b>	<b>500,630</b>	<b>(9,228)</b>
Central Support	284,640	94,880	94,880	-
Capital Charges	50,450	16,817	16,817	-
<b>Housing Direct Works Expenditure</b>	<b>1,875,610</b>	<b>621,555</b>	<b>612,327</b>	<b>(9,228)</b>

## Appendix C

### HOUSING REPAIRS FUND (to end of July 2012)

	£
<b>Balance available at 1 April 2012</b>	<b>52,658</b>
Contribution 2012/13 (to July 2012)	869,049
Expected Use of Fund (to July 2012)	(959,127)
<b>Deficit on the Fund at 31 July 2012</b>	<b>(37,419)</b>

**Agenda Item No 11**

**Resources Board**

**3 September 2012**

**Report of the  
Assistant Director  
(Leisure and Community Development)**

**Land at Ansley Common**

**1 Summary**

- 1.1 This report advises Members of a proposal to surrender the lease on a parcel of land formerly known as Ansley Tennis Courts at Ansley Common.

**Recommendation to the Board**

**That the Assistant Director (Leisure and Community Development), in consultation with the Chairman and Vice-chairman of the Board, be authorised to negotiate with CISWO the surrender of the lease for Ansley Tennis Courts, subject to there being no adverse financial impact on the Authority.**

**2 Consultation**

- 2.1 The Chairman, Vice-Chairman and Opposition Spokesperson for the Resources and Community and Environment Boards, together with appropriate Ward Members, have all had the opportunity to comment on the content of this report. Any comments received will be reported verbally at the meeting.

**3 Report**

- 3.1 The Authority has received correspondence from agents acting on behalf of the farmer who occupies land on three sides of the old tennis courts in Ansley Common (shown on the plan attached at Appendix A). Their client has expressed an interest in acquiring the site of the tennis courts with the intention of returning it to agriculture.
- 3.2 The Borough Council holds the site on a 125 year lease from CISWO (Coal Industry Social Welfare Organisation) that commenced in March 1997. The rent is currently £154.77 per annum and is subject to three-yearly review in line with inflation.
- 3.3 The site is in poor condition, with the land being overgrown and the former pavilion is now derelict. As far as officers are aware, the land has not been maintained or utilised since the Authority took the lease along with those of a number of other recreation areas that formerly belonged to British Coal. The

site does not contribute to the Authority's provision of green space and there is little prospect of it doing so in the future as it is too small and in a relatively isolated location. It is also unlikely, given the resources necessary to advance other priorities set out in the Green Space Strategy, that funding would be available to renovate the site in the foreseeable future. As such, it is of little value to either the Authority or the local community as a recreation facility.

- 3.4 Clearly the Authority is not in a position to negotiate the disposal of the land to a third party, this being a matter for CISWO. It is felt, therefore, that the best course of action would be to advise CISWO of the interest that has been expressed by that third party and to negotiate the surrender of the lease. Members should be aware, however, that under the terms of the lease the Authority may be subject to a forfeiture fee. Should this be the case, a view will need to be taken of the financial implications to the Authority before a final decision regarding disposal of the land is made. Nevertheless, it is proposed that the Assistant Director (Leisure and Community Development), in consultation with the Chairman and Vice-Chairman of the Board, be authorised to negotiate with CISWO the surrender of the lease for Ansley Tennis Courts, subject to there being no adverse financial impact on the Authority.

#### **4 Report Implications**

##### **4.1 Finance and Value for Money Implications**

- 4.1.1 The rent for the land, currently £154.77 per annum, is met from the parks and playing fields revenue budget.
- 4.1.2 The Authority may be liable for a forfeiture fee for the early surrender of the lease, which needs to be taken into account in determining whether or not to dispose of the land.

##### **4.2 Safer Communities Implications**

- 4.2.1 Appropriate land management contributes to community safety by reducing opportunities for undesirable behaviour.

##### **4.3 Legal and Human Rights Implications**

- 4.3.1 The Borough Council has a Duty of Care to manage land appropriately, which it is unlikely to have the resources to do in this case.

##### **4.4 Environment and Sustainability Implications**

- 4.4.1 Appropriate land management contributes directly to environmental quality and sustainability. In this case, the Borough Council is unlikely to have the necessary resources to effect appropriate management arrangements in the foreseeable future.

##### **4.5 Health, Well-being and Leisure Implications**

4.5.1 Delivery of priorities set out in the Green Space Strategy contributes directly to health and well-being and the provision of leisure opportunities in local communities. In this instance, the land does not form part of the Authority's green space provision and so falls out with the provisions of the Strategy. Given its size and location it is unlikely that the site has the potential to be developed for leisure provision in the future.

#### 4.6 Risk Management Implications

4.6.1 The risk management implications of the provision of green space are considered through the corporate risk management process.

4.6.2 Disposal of the land at Ansley Common would marginally reduce the risk to the Council of claims arising as a result of a failure to manage the site appropriately.

#### 4.7 Equalities Implications

4.7.1 There is no differential impact arising from this report upon any group or groups within the community.

#### 4.8 Links to Council's Priorities

4.8.1 The proposed disposal of the land would be in accordance with the corporate priorities in respect of:

- Public services and Council Tax
- Crime and disorder
- Environment
- Countryside and heritage
- Health and well-being

The Contact Officer for this report is Alethea Wilson (719212).

#### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
None			

# Ansley Tennis Courts (shaded area)



Date: 15/08/12  
Scale: 1:2500

**No further copies may be made**



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Borough Council

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## Agenda Item No 12

### Resources Board

3 September 2012

#### Report of the Chief Executive and the Deputy Chief Executive

#### Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - June 2012

### 1 Summary

- 1.1 This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April to June 2012.

#### **Recommendation to the Board**

**That Members consider the performance achieved and highlight any areas for further investigation.**

### 2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

### 3 Background

- 3.1 This report shows the first quarter position with the achievement of the Corporate Plan and Performance Indicator targets for 2012/13. This is the first report showing the progress achieved so far during 2012/13.

### 4 Progress achieved during 2010/11

- 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with our local performance indicators during April to June 2012/13 for the Resources Board.

- 4.2 Members will recall the use of a traffic light indicator for the monitoring of the performance achieved.

Red – target not achieved (shown as a red triangle)

Amber – target currently behind schedule and requires remedial action to be achieved (shown as an amber circle)

Green – target currently on schedule to be achieved (shown as a green star)

## 5 Performance Indicators

- 5.1 Members will be aware that national indicators are no longer in place and have been replaced by national data returns specified by the government. A number of previous national and best value indicators have been kept as local indicators as they are considered to be useful in terms of managing the performance of our service delivery corporately.
- 5.2 The current national and local performance indicators have been reviewed by each division and Management Team for monitoring for the 2012/13

## 6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 100% of the Corporate Plan targets and 76% of the performance indicator targets are currently on schedule to be achieved. The report shows that individual targets that have been classified as red, amber or green. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:

### Corporate Plan

Status	Number	Percentage
Green	5	100%
Amber	0	0%
Red	0	0%
Total	5	100%

### Performance Indicators

Status	Number	Percentage
Green	13	76%
Amber	2	12%
Red	2	12%
Total	17	100%

## 7 Summary

- 7.1 Members may wish to identify any areas that require further consideration where targets are not currently being achieved.

## 8 Report Implications

### 8.1 Safer Communities Implications

8.1.1 There are community safety performance indicators which are reported to Executive Board.

### 8.2 Legal and Human Rights Implications

8.2.1 The national indicators were specified by the Secretary of State for Communities and Local Government. They have now been ended and replaced by a single list of data returns to Central Government from April 2011.

### 8.3 Environment and Sustainability Implications

8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are a number of actions and indicators which contribute towards the priorities of the sustainable community strategy including customer access strategy, outreach services, financial inclusion, health and well being services and decent and affordable housing.

### 8.4 Risk Management Implications

8.4.1 Effective performance monitoring will enable the Council to minimise associated risks with the failure to achieve targets and deliver services at the required performance level.

### 8.5 Equalities

8.5.1 There are a number of equality related actions and indicators highlighted in the report including developing outreach services, financial inclusion, decent and affordable housing, adaptations for people with disabilities and fuel poverty.

### 8.6 Links to Council's Priorities

8.6.1 There are a number of targets and performance indicators contributing towards the priorities of access to services, improving housing in the borough, tackling health inequalities, achieving a balanced budget and developing our workforce.











The Contact Officer for this report is Robert Beggs (719238).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97











Background Paper No	Author	Nature of Background Paper	Date
National Indicators for Local Authorities and Local Authority Partnerships	Department for Communities and Local Government	Statutory Guidance	February 2008

NWCP Resources 12/13

	Action	Priority	Reporting Officer	Update	Status	Direction
NWCP 039 11/12	To continue to contribute to the effectiveness and savings targets through the delivery of the Procurement Strategy Action Plan	Public Services and Council Tax	Bird, Linda	Procurement Action Plan approved by June Resources Board	 Green	
NWCP 040 11/12	To continue to contribute to the effective delivery of services through implementing the actions identified to progress the implementation of the ICT Strategy	Public Services and Council Tax	Bird, Linda	ICT Strategy Actions now part of Service Plan. All actions on target as at the end of June	 Green	
NWCP 041 11/12	To carry out the preparatory work needed, ready for the implementation of the 'self financing' model for the Housing Revenue Account in time for the proposed implementation date of April 2012	Public Services and Council Tax	Garner, Sue	Preparatory work was carried out, and an updated business plan was approved by Resources Board in June.	 Green	
NWCP 050 11/12	To develop an action plan by June 2012 to assess and, where practicable, resolve ongoing capital and maintenance issues with all other Council buildings, including the Memorial Hall, The Arcade, Abbey Green, community buildings, shops and industrial units, including seeking ways to reduce, where possible, our carbon footprint	Public Services and Council Tax	Dobbs, Richard	A report went to Resources Board in June setting out measures for Property Management Plans to be produced for all significant Council buildings. Individual reports on the Arcade and Council House have previously been considered	 Green	
NWCP 063	To implement the action plan agreed following the review the services delivered by Community Support during 2012/2013	Housing	Coates, Angela	An issues paper has been drafted with agreement that there will be a cross party task and finish group to consider the current service and propose improvements.	 Green	

NWPI Resources 12/13

Ref	Description	Section	Priority	Year End Target	Performance	Traffic Light	Direction of Travel	Comments
NWLPI 052	The % of invoices for commercial goods and services which were paid by the authority within 30 days of such invoiced being received by the Authority (former BV8)	Financial Accountancy	Public Services & Council Tax	98	98.11	Green		
NWLPI 054	The proportion of working days / shifts lost to sickness absence (former BV12)	Human Resources	Public Services & Council Tax	9	2.12	Green		
NWLPI 055	Voluntary leavers as a % of staff in post (former BV13)	Human Resources	Public Services & Council Tax	10	2.62	Green		
NWLPI 57	Percentage of calls answered through the Central Control system within 60 seconds. (TSA national standard 96.5%):	Community Support	Housing	99	99.3	Green		Information form the Jontek Computer system
NWLPI 135	Percentage of response repairs completed right first time	Housing Maintenance	Housing	90	92.4	Green		
NWLPI 068	Gas certificates outstanding	Housing Maintenance	Housing	100	99.82	Green		Two properties outstanding eviction dates pending
@NW:NI156	This indicator measures the numbers of households living in temporary accommodation provided under the homelessness legislation.	Housing Management	Housing	2	1	Green		
NWLPI 136	Number of tenants with more than 7 weeks rent arrears	Housing Management	Housing	2.5	3.09	Red		The Section is dealing with a number of complex cases and additional capacity will be introduced to ensure that we address arrears cases at an early stage
NWLPI 070	Average time taken to re-let local authority housing (former BV212)	Housing Management	Housing	21	38.5	Red		Issues with major repairs
NWLPI 039	The percentage availability of corporate systems available to users Monday to Friday 8.00 am to 5.30 pm :	Computer Services	Public Services & Council Tax	99.7	100	Green		
NWLPI 040	The percentage of initial response to helpdesk calls within four hours of a call being placed :	Computer Services	Public Services & Council Tax	95	97	Green		
NWLPI 041	Percentage of Service Desk Calls resolved in target (total of IS3 to IS6)	Computer Services	Public Services & Council Tax	95	93	Amber		

Ref	Description	Section	Priority	Year End Target	Performance	Traffic Light	Direction of Travel	Comments
NWLPI 096	The Percentage of Calls answered in 20 seconds in the contact centre	Revenues & Benefits	Public Services & Council Tax	75	77	 Green		
NWLPI 100	Housing Benefit Security: : The number of prosecutions and sanctions, per 1,000 caseload (former BV76d)	Revenues & Benefits	Public Services & Council Tax	5	5	 Green		
@NW:NI181	The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit	Revenues & Benefits	Public Services & Council Tax	12	10.51	 Green		
NWLPI 106	The percentage of non-domestic rates due for the financial year which were received by the authority (former BV10)	Revenues & Benefits	Public Services & Council Tax	31.05	31.9	 Green		
NWLPI 107	Proportion of Council Tax collected (former BV9)	Revenues & Benefits	Public Services & Council Tax	30.16	30.14	 Amber		

## Agenda Item No 13

### Resources Board

3 September 2012

#### Report of the Deputy Chief Executive

#### Internal Audit – Performance for First Quarter 2012-13

#### 1 Summary

- 1.1 The report allows the Board to monitor the progress of the Council's Internal Audit function against the agreed plan of work for the year.

#### Recommendation to the Board

That the report be noted.

#### 2 Consultation

- 2.1 None required.

#### 3 Report

- 3.1 The CIPFA Code of Practice on Internal Audit in Local Government defines standards of best practice for internal audit. The Code requires that Members both approve the Internal Audit Section's strategic work plan and receive periodic reports on performance against plan. This report summarises performance for April 2012 to June 2012.

#### 4 Summary of Work Completed

- ... 4.1 Appendix A to the report summarises progress on the s151 audit plan for the period, identifying audits completed and indicating the extent of progress on those audits still outstanding. The 90% performance target of planned work in quarter one of 2012-13 was not achieved with 72% completion of the current periods planned audits. This was due to a mixture of circumstances relating to the unavailability of certain information from officers that meant delaying the completion of one major audit into quarter 2; officer's unavailability at quarter end delaying completion until the following quarter and, sickness absence of one auditor leading to two audits rolling over into the next quarter. It is however anticipated that we will achieve at least 90% of the entire plan for the year. A major audit undertaken towards the end of 2011-12 was therefore able to be concluded effectively in quarter 1. Appendix B provides definition for the levels of assurance applied.
- ...

- 4.2 Internal Audit can place a high level of assurance on the following final reviews;  
Compliance with Policies and Strategies, Democratic Services, Emergency Planning and Business Continuity, Trade Refuse and Cesspool Emptying and Amenity Cleaning.
- 4.3 The Internal Audit Section has undertaken an increased amount of work recorded under consultancy/contingency audits. These are reviews carried out either resulting from departmental requests, external audit suggestions, counter fraud activity and monitoring of reporting information from the National Fraud Initiative.
- 4.4 The performance standards set by the Audit Commission require that Internal Audit complete at least 90% of planned work in the year unless there are good reasons otherwise. In calculating that statistic, planned work deferred at client request is ignored if such deferrals have appropriate justification. All client requests for deferrals have been based on sound, service based justifications

## 5 **Report Implications**

### 5.1 **Risk Management Implications**

- 5.1.1 Failure to provide an effective Internal Audit Service may adversely affect the level of internal control operating within the Council and will attract criticism from external assessors such as the Audit Commission and the External Auditor.

### 5.2 **Links to Council's Priorities**

- 5.2.1 The audit programme agreed and delivered is aligned to both the priorities of the Council and the requirements of external assessors.

The Contact Officer for this report is Barbara Haswell (719416).

## **Background Papers**

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>



**Appendix A**

**Audits Completed first quarter 2012-13**

<b>Audit</b>	<b>Quarter Due</b>	<b>Status</b>	<b>Assurance Level *</b>	<b>Tot No. of Recs</b>	<b>High Priority</b>	<b>Medium Priority</b>	<b>Low Priority</b>	<b>H/M Recs not Agreed(see att)</b>
Compliance with Policies & Strategies	1	Final	H	9	1	8	0	0
Democratic Services	1	Final	H	3	0	3	0	0
Emergency Planning & Business Cont	1	Final	H	1	0	1	0	0
Trade Refuse & Cesspool Emptying	1	Final	H	0	0	0	0	0
Amenity Cleaning	1	Final	H	1	0	1	0	0
Stocks & Stores	1	Draft	TBA					
Environmental Health Enforcement	1	Draft	TBA					

**Reasons for not providing a high assurance level on final reports**

Not applicable

**Progress Against Audit Plan**

<b>Audit</b>	<b>Status</b>	<b>Due</b>
Grant Claims	Delayed	Qtr 2
Compliance with Policies & Strategies	Final	
Democratic Services	Final	
Emergency Planning & Business Continuity	Final	
Official Conduct	Ongoing	Qtr 2
Development Control & Enforcement	Delayed	Qtr 2
Environmental Health Enforcement	Draft	
Trade Refuse & Cesspool Emptying	Final	
Amenity Cleaning	Final	
Stocks and Stores	Draft	

Performance of Audit 2012-13 for Quarterly Indicators			
No.	Indicator	Suggested Frequency	Performance for 2012-13
1	Performance reports to Resources Board	Quarterly	September 2012
3	Number of audits where time taken to complete the work is more than 10% longer than planned.	Quarterly	2 - both due to additional work being undertaken within the review
4	Number of audits completed by set deadline	Quarterly	5 of 7, 2 delayed due to staff absence.
5	Final report issued within 4 weeks of completion of fieldwork	Quarterly	All 5.
9	Questionnaire: Feedback obtained from report recipients is good (average 4 out of 5)	Quarterly	Good in those returned.
10	% of sickness levels within Audit is below 5%	Quarterly	5.70% - 1 officer absent for 9 days.

**2012-13 Internal Audit report recommendations Not Agreed**

**Audit**

**Recommendation**

**Management Response**

None

Appendix B

**Assurance level definitions:**

<b>Overall Audit Opinion</b>	
High	Controls are in place and operating satisfactorily.  Reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
Medium	There are some control weaknesses but most key controls are in place and operating effectively.  Some assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
Low	Controls are in place but operating poorly or controls are inadequate, failing or not present to satisfaction.  Only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively.

**Recommendation Priority Levels definitions:**

High	Action is agreed for implementation within one month of the report date
Medium	Action is agreed for implementation within three months of the report date
Low	Action is agreed for implementation within twelve months of the report date

## **Agenda Item No**

## **Resources Board**

**3 September 2012**

## **Report of the Assistant Director (Finance and Human Resources)**

## **Budgetary Control Report 2012/13 Period Ended 31 July 2012**

### **1 Summary**

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2012 to 31 July 2012. The 2012/13 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

### **Recommendation to the Board**

**That the report be noted.**

### **2 Consultation**

- 2.1 Councillors Butcher, Moore and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

### **3 Report**

#### **3.1 Introduction**

- 3.1.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services.
- 3.1.2 Therefore, to comply with this requirement, the budgets reporting to this Board fall into two categories – services where the costs incurred are recharged to other services and Boards, and those services where costs remain within Resources Boards – and are reported separately within this report.

### **4 Services Remaining Within Resources Board**

#### **4.1 Overall Position**

- 4.1.1 The total expenditure for those services that remain within Resources as at 31 July 2012, is £800,652, compared with a profiled budgetary position of £1,042,366. Net expenditure is lower than expected due to the receipt of specific grant funding of £184,000 (see paragraph 4.4.1), and a general under spend to date of £57,714. Appendix A to this report provides details of the profiled and actual position for each service reporting to this Board, together

...

with the variance for the period. Where possible, the year-to-date budget figures have been calculated with some allowance for seasonal variations, in order to give a better comparison with actual figures. Reasons for the variations are given, where appropriate, in more detail below:

#### **4.2 Democratic Process**

4.2.1 There has been a reduction in one of the corporate subscriptions paid, an under-spend to date on members allowances and reduced expenditure on remote access network charges.

#### **4.3 Council Tax Collection**

4.3.1 There is an under spend on Council Tax Collection as a result of increased legal fee income relating to the collection of unpaid Council Tax. Additionally, there have been reductions in the expenditure on legal fees, bailiffs and professional fees.

#### **4.4 Finance Miscellaneous**

4.4.1 We have received income of £100,000 from the Mary Portas High Street Innovator Grant and £84,000 for the New Burdens Council Tax Reform, neither of which were budgeted for.

#### **4.5 Innage Park Industrial Estate**

4.5.1 There is an underspend on Non Domestic Rates as a previously vacant unit has now been let, also generating additional rental income above the profiled budget.

#### **4.6 Rent Allowances**

4.6.1 The under spend relates to a higher than expected Recovery of Housing Benefit overpayments.

#### **4.7 Rent Rebates**

4.7.1 There is an overspend on Rent Rebates as the Recovery of Housing Rent Rebates Benefit overpayments has fallen below the profiled levels.

#### **4.8 Car Parks**

4.8.1 There is an underspend relating to Non Domestic Rates as one of the car parks at Coleshill has now been sold. In addition there is an increase in the number of penalty notices issued.

#### **4.9 Borough Care**

4.9.1 We have received additional income from Warwickshire County Council for Telecare services, which in the budget was expected to cease at the end of March 2012. The service we provide is now expected to cease in September 2012.

## 5 Services Recharged to Other Directorates and Services

### 5.1 Overall Position

5.1.1 Net expenditure for those services that are recharged to other Directorates and Services, as at 31 July 2012, is £69,169, compared with a profiled budgetary position of £158,101; an under-spend of £88,932 for the period. Appendix B to the report gives the profiled and actual positions for the period for each service, together with the variance. Where possible, the year-to-date budget figures have been calculated with some allowance for seasonal variations, in order to give a better comparison with actual figures. Reasons for the variations are given, where appropriate, in more detail below.

### 5.2 Directorate Budgets

5.2.1 The Council's budget requirement for 2012/13 assumed that there would be a salary vacancy saving in the year of £80,000 and this was included as a central amount. The central vacancy factor has been added into the budget columns shown in Appendix B, to enable easier comparison with the actual position. Current vacancy levels within the Directorates mean that we are ahead of the target at the current time, taking into account the use of temporary and agency staff to cover key duties and any recruitment costs resulting from these vacancies, and excluding vacancies that relate to the Housing Revenue Account.

5.2.2 The areas with vacancies are Policy Support, Animal Control, Waste Management, Housing Management, Housing Maintenance, Housing Direct Works, Financial Services, Transport and Streetscape, Landscape Management, Revenues and Benefits, Customer Contact and Information Services. Some of these vacancies have now been filled although most remain unfilled. The table below relates to the General Fund only.

	£
Current agency staff variance	18,960
Current salaries underspend	(99,293)
<b>TOTAL</b>	<b>(80,333)</b>

5.2.3 Other significant variances include under-spends relating to maternity leave, stationery, conference fees and occupational health fees. Set against this are a number of small overspends within professional fees, corporate subscriptions and vehicle repair materials.

## 6 Performance Indicators

6.1 In addition to the financial information provided to this Board, when the budgets were set in February, performance indicators were included as a means of putting the financial position into context. These are shown at Appendix C.

## 7 Risks to the Budget

7.1 A number of key risks to the budgetary position of the Council from services under the control of this Board were identified when the budget was set in February.

7.2 The key risks to the budgetary position of the Council from services under the control of this Board include:

- Increases in vacancies at industrial estates and shops that will impact on the level of rental income the Council receives and the amount of NDR that the Council is liable to pay.
- A higher level of maintenance on property assets and car parks, over and above that budgeted for.
- An increase in the level of Local Authority error made in processing benefit payments could lead to a loss of subsidy
- A significant increase in workload due to an increase in benefit claimants and non payment of Council Tax and/or Non Domestic Rates
- A fall in the level of recovery of Housing Benefit overpayments (greater than that expected) would impact on the level of expenditure borne by the Council
- Further reductions in benefit administration grant levels
- Loss of County Council funding for Customer Contact staffing (£18,710 per annum in 2012/13)
- Additional resources that may be required to support the North Warwickshire LEADER Partnership and other externally funded projects
- Pay awards from 2012/13 being in excess of the budget provision made
- Maintenance costs of Council assets such as IT equipment and council buildings
- Higher than anticipated rises in utility costs (electricity, gas, water and vehicle fuel)

## 8 Estimated Out-turn

8.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2012/13 is £3,568,200 as detailed in the table below: -

	£
<b>Approved budget 2012/2013</b>	<b>3,723,560</b>
Projected salary under spends in excess of vacancy factor and restructure within the Streetscape Division	(90,000)
Additional rental income at Innage Park Industrial Estate and savings on NDR	(46,000)
Savings on NDR at Coleshill car Park	(5,000)
Contingency provision for utilities no longer required.	(14,360)
<b>Expected Out-turn 2012/13</b>	<b>3,568,200</b>



## 9 Report Implications

### 9.1 Finance and Value for Money Implications

9.1.1 The Council's budgeted contribution from General Fund balances for the 2012/2013 financial year is £453,410. This is expected to decrease by £155,360, as shown above. Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board at future meetings.

### 9.2 Environment and Sustainability Implications

9.2.1 The Council has to ensure that it adopts and implements robust and comprehensive budgetary monitoring and control, to ensure not only the availability of services within the current financial year, but in future years.

The Contact Officer for this report is Nigel Lane (719371).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

**North Warwickshire Borough Council**  
**RESOURCES BOARD (REMAINING)**  
**Budgetary Control Report 2012/13 as at 31 July 2012**

Description	Original Budget 2012/2013	Profiled Budget to July 2012	Actual to end July 2012	Variance to Date	Comments
Democratic Process	713,350	243,734	235,018	(8,716)	Comment 4.2
Election Expenses	24,940	8,199	8,125	(74)	
Registration of Electors	42,660	12,044	12,258	214	
Non Domestic Rates	41,230	49,017	44,781	(4,236)	
Council Tax Collection	212,050	80,050	64,428	(15,622)	Comment 4.3
Investors in People	8,360	2,143	2,143	-	
Finance Miscellaneous	(140,600)	(69,210)	(259,537)	(190,327)	Comment 4.4
Compensation and Pension Increases	114,790	26,232	26,815	582	
Assisted Car Purchases	(130)	-	-	-	
Electricity at Work	22,070	5,163	4,824	(340)	
Efficiencies and Value for Money	37,060	11,573	11,573	-	
Finance Unused Land	150	50	385	335	
Corporate and Democratic Core	740,260	200,143	202,033	1,891	
Unallocated Central Support Services	235,900	34,394	33,581	(813)	
Coleshill Shops and Flats	(63,440)	(22,050)	(22,467)	(417)	
The Arcade	9,100	(3,620)	(4,053)	(433)	
The Pavilions, Holly Lane	(74,030)	(32,427)	(32,427)	-	
Carlyon Road Industrial Estate	(94,340)	(34,862)	(34,756)	105	
Innage Park Industrial Estate	95,160	61,816	54,054	(7,763)	Comment 4.5
Polesworth Workspace Units	(3,560)	(3,223)	(2,974)	250	
The Bear and Ragged Staff	(12,440)	(4,453)	(4,455)	(1)	
Football Stadium	350	117	138	21	
Homeless Persons	63,970	29,495	29,495	-	
Public Conveniences	113,250	33,821	33,977	156	
Customer Contact	143,110	34,527	33,064	(1,462)	
Rent Allowances	176,370	47,230	31,953	(15,277)	Comment 4.6
Rent Rebates	39,980	12,453	22,718	10,265	Comment 4.7
Concessionary Fares	27,060	8,130	8,601	471	
Non Domestic Rates Discretionary Relief	24,820	670	670	-	
Council Tax Benefits	113,790	(8,773)	(8,264)	509	
Car Parks	63,700	38,430	29,636	(8,794)	Comment 4.8
Business Improvement District	1,040	347	347	-	
Environmental Sustainability	8,620	2,873	2,873	-	
Animal Control	81,450	23,624	24,778	1,154	
Abandoned Vehicles	9,290	3,003	2,910	(93)	
Private Sector Housing Assistance	212,980	24,517	24,260	(256)	
CCTV	110,060	33,684	34,960	1,276	
Community Support	543,530	168,267	163,949	(4,318)	Comment 4.9
North Warwickshire LEADER (External)	62,000	20,667	20,667	-	
Branching Out Bus (External)	14,250	4,571	4,571	-	
<b>TOTALS</b>	<b>3,718,160</b>	<b>1,042,366</b>	<b>800,652</b>	<b>(241,714)</b>	

**North Warwickshire Borough Council  
RESOURCES BOARD (RECHARGED)  
Budgetary Control Report 2012/13 as at 31 July 2012**

<b>Description</b>	<b>Original Budget 2012/2013</b>	<b>Profiled Budget to July 2012</b>	<b>Actual to end July 2012</b>	<b>Variance to Date</b>	<b>Comments</b>
Building Maintenance Fund	-	-		-	
Council Offices	10	55,029	53,478	(1,551)	
Central Telephones	-	843	836	(7)	
Recruitment	-	(1)	124	125	
Printing and Copying	-	(2,588)	(1,619)	969	
Training	-	9,083	314	(8,769)	
Depot and Stores	-	11,494	12,032	538	
Postal Services	-	-	-	-	
Chief Executive Directorate	350	230	418	188	Comment 5.2.2-3
Assistant Chief Executive	1,410	1,334	(29,724)	(31,058)	Comment 5.2.2-3
Directorate of Community Services	480	(20,651)	(38,135)	(17,484)	Comment 5.2.2-3
Deputy Chief Executive	7,430	14,558	(58,936)	(73,494)	Comment 5.2.2-3
Corporate Services	290	135,881	135,438	(443)	Comment 5.2.2-3
Transport	140	(20,444)	(5,057)	15,387	
<b>TOTALS</b>	<b>10,110</b>	<b>184,768</b>	<b>69,169</b>	<b>(115,599)</b>	
Central Vacancy Factor	(80,000)	(26,667)	-	26,667	Comment 5.2.2
<b>TOTALS</b>	<b>(69,890)</b>	<b>158,101</b>	<b>69,169</b>	<b>(88,932)</b>	

## Key performance Indicators (KPIs) for budgets reporting to the Resources Board

	Budgeted performance	Profiled Budgeted performance	Actual performance to Date
<b>Registration of Electors</b>			
Cost per elector for the Electoral Register	£0.86	£0.24	£0.25
<b>Non Domestic Rates</b>			
% of NDR Collection Rate	98.90%	39.72%	40.69%
Cost per NDR Property	£18.74	£22.28	£20.35
<b>Council Tax Collection</b>			
% of Council Tax Collection Tax	98.40%	39.43%	39.63%
Cost per Household	£7.85	£2.96	£2.39
<b>Coleshill Shops and Flats</b>			
Occupancy Rate	100.00%	100.00%	100.00%
Annual Income per Shop	(£8,954)	(£3,402)	(£3,402)
<b>The Arcade</b>			
Occupancy Rate	50.00%	50.00%	57.14%
Annual Income per Unit	(£1,472)	(£1,226)	(£1,268)
<b>The Pavilions</b>			
Occupancy Rate	100.00%	100.00%	100.00%
Annual Income per Unit	(£8,689)	(£4,446)	(£4,446)
<b>Carlyon Road Industrial Estate</b>			
Occupancy Rate	75.00%	75.00%	75.00%
Annual Income per Unit	(£13,773)	(£2,831)	(£2,831)
<b>Innage Park Industrial Estate</b>			
Occupancy Rate	41.86%	41.86%	48.84%
Annual Income per Unit	(£2,957)	(£1,185)	(£1,296)
<b>Polesworth Workspaces</b>			
Occupancy Rate	100.00%	100.00%	100.00%
Annual Income per Unit	(£1,488)	(£744)	(£744)
<b>Rent Allowances</b>			
Rent Allowances per Claimant	£4,519	£1,506.32	£1,587.59
Cost of Administration per Claimant	£248.55	£76.11	£82.47
<b>Rent Rebates</b>			
Rent Rebates per Claimant	£3,658	£1,219.38	£1,352.07
Cost of Administration per Claimant	£119.39	£39.28	£42.04
<b>Council Tax Benefits</b>			
Council Tax Benefits per Claimant	£903.55	£870.70	£861.45
Cost of Administration per Claimant	£21.57	-£1.66	-£1.57

## Agenda Item No 15

### Resources Board

3 September 2012

#### Report of the Assistant Director (Finance and Human Resources)

#### Consolidated Budgetary Control Report 2012/13 - Period Ended 31 July 2012

### 1 Summary

- 1.1 The report covers total Council General Fund revenue expenditure and income for the period from 1 April 2011 to 31 July 2012.

#### Recommendation to the Board

**That the report be noted.**

### 2 Consultation

- 2.1 Councillors Butcher, Moore and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

### 3 Overall Position

- 3.1 The actual level of Board expenditure for the period to 31 July 2012 is £2,662,125 compared with a profiled budgetary position of £3,081,559. Net expenditure is lower than expected due to the receipt of specific grant funding of £184,000 (see paragraph 5.2), and a general under spend to date of £235,434. Appendix A provides an analysis of Board expenditure and the overall position for the Council for this period.

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- 3.2 As well as expenditure directly attributable to services, and included in the Board totals, there are a number of other amounts that need to be taken into account that provide the total net expenditure for the Council. This includes investment income, external interest payments and adjustments to reverse capital charges included within Board expenditure, from out of Council expenditure. Taking these amounts into account, net expenditure for the Council to the end of July totals £2,378,373, compared with a profiled position of £2,781,972. This reduces the general under-spend for the period to £219,599.

- 3.3 Where possible, the budget profile figures have been calculated with some allowance for seasonal variations, in order to give a better comparison with actual figures. Reasons for the variations are given, where appropriate, in more detail below:

## 4 **Board Expenditure**

- 4.1 **Planning and Development Board** - Income on Planning Control is ahead of target by £92,530 as a result of an increase in the number of planning applications being submitted. This has been partially offset by a decrease in the numbers on Local Land Charges Searches completed.

## 5 **Resources Board**

- 5.1 **Recharged to Services** - There are a number of posts that have become vacant since the budget was set although a small number have now been filled. Other significant variances include under-spends due to maternity leave, stationery, conference fees and occupational health fees. Set against these there are small overspends on professional fees, corporate subscriptions and vehicle repair materials.

- 5.2 **Remaining** - Within Democratic Process there is a reduction in corporate subscriptions, under-spends on Members allowances and remote access network charges. There is additional legal fee income and reductions in expenditure on legal fees, bailiffs and professional fees within Council Tax Collection. In addition we have received grants from the Mary Portas High Street Innovator Fund and new burdens Council Tax Reform. At Innage Park a number of units that were vacant have now been let thereby reducing the NDR the authority is liable for and increasing rental income. There has been a higher than expected recovery in Benefits overpayments. Warwickshire County Council is still requiring Borough Care to provide the Telecare Service which was expected to cease in March 2012. Lastly, the sale of a car park at Coleshill has reduced the NDR liability and there has been an increase in parking penalty fee income.

- 5.3 **Investment Income** - There has been a lower return of investment interest than expected to date due to lower interest rates on investments held. Partially offset by a reduction in loan interest as no temporary loans have been needed to date.

## 6 **Risks to the Budget**

- 6.1 In setting the budget in February 2012, a number of key risks to the overall budgetary position of the Council are highlighted below: -

- Changes in the financial markets and the expected cash flow of the Authority, which affect the investment income the Council can obtain.
- Further deterioration in the economic position, which could lead to additional demand for Council services in areas such as benefits and homelessness.
- A large proportion of revenue costs relate to the Councils workforce. Pay awards are negotiated nationally, and any variance from the increase assumed would impact on the financial position. In addition, a vacancy

factor for staff turnover is included within the overall estimates. Should vacancies be less than expected then additional costs will be borne by the Authority. The current level of vacancies is in excess of that budgeted.

- Transport fuel and utilities prices have seen significant fluctuations over recent times, and this is still a possibility. However, the Authority has renegotiated many of the electricity and gas contracts and this has helped in eliminating some of the uncertainty. The increases built into budgets to cover expected rises in vehicle fuel are currently sufficient.

## 7 Estimated Out-turn

- 7.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2012/13 is £9,706,200 as detailed in the table below: -

	£
<b>Approved budget 2012/2013</b>	<b>9,861,560</b>
Projected salary under spends in excess of vacancy factor and restructure within the Streetscape Division	(90,000)
Additional rental income at Innage Park Industrial Estate and savings on NDR	(46,000)
Savings on NDR at Coleshill car Park	(5,000)
Contingency provision for utilities no longer required.	(14,360)
<b>Expected Out-turn 2012/13</b>	<b>9,706,200</b>

- 7.2 The figures provided above are based on information available at this time of the year and are the best available estimates for this Board, but may change as the financial year progresses. Members will be updated in future reports of any changes to the forecast out turn.

## 8 Report Implications

### 8.1 Finance and Value for Money Implications

- 8.1.1 The Council's budgeted contribution from General Fund balances for the 2011/2012 financial year is £453,408. As can be seen above, a decrease in net expenditure of around £155,360 is expected to date. The position will continue to be monitored closely and reported to Members at a future meeting of this Board.

- 8.1.2 Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment.

### 8.2 Environment and Sustainability Implications

- 8.2.1 The Council has to ensure that it adopts and implements robust and comprehensive budgetary monitoring and control to ensure not only the availability of services within the current financial year, but in future years.

The Contact Officer for this report is Nigel Lane (719371).

## North Warwickshire Borough Council

### Consolidated Budgetary Position for the Period 31 July 2012

Board	2012/13 Original Budget	Expected Position July	Actual Position July	Variance
Executive	503,710	188,478	186,518	(1,960)
Planning and Development	608,830	171,803	82,985	(88,818)
Licensing Committee	60	8,697	11,706	3,009
Community and Environment	5,269,530	1,512,114	1,511,095	(1,019)
Resources (including staff vacancies)	3,392,180	1,200,467	869,821	(330,646)
<b>Net Board Expenditure</b>	<b>9,774,310</b>	<b>3,081,559</b>	<b>2,662,125</b>	<b>(419,434)</b>
Other Contingencies	87,250	-	-	-
<b>Net Board Expenditure</b>	<b>9,861,560</b>	<b>3,081,559</b>	<b>2,662,125</b>	<b>(419,434)</b>
Investment Income	(150,000)	(48,493)	(30,158)	18,335
RCCO	119,000	39,667	39,667	-
Use of Balances	(453,408)	-	-	-
Financing Adjustment	(872,280)	(290,760)	(293,260)	(2,500)
<b>Net Expenditure</b>	<b>8,504,872</b>	<b>2,781,972</b>	<b>2,378,373</b>	<b>(403,599)</b>



**Agenda Item No 16**

**Resources Board**

**3 September 2012**

**Report of the Assistant Director  
(Finance and Human Resources)**

**Capital Programme 2012/13  
Period Ending July 2012**

**1 Summary**

- 1.1 The report updates Members on the progress of the 2012/13 Capital Programme in terms of expenditure.

**Recommendation to the Board**

- a That progress made against the 2012/13 Capital Programme is noted;**
- b That the board approves the vire of £66,530 from the unallocated budget within the HRA in order to fund the additional cost of roofing works detailed in paragraph 8.3; and**
- c That approval is given to the Assistant Director (Housing) to vire the unallocated budget within the HRA to other housing schemes, if needed, following consultation with the Deputy Chief Executive and Chairs of the Resources Board and Housing Sub-Committee.**

**2 Consultation**

- 2.1 The proposals have been discussed with the Deputy Chief Executive and Chairs of the Resources Board and Housing Sub-Committee.

**3 Introduction**

- 3.1 The Executive Board approved the Council's Capital Programme of £4,157,470 for 2012/13 in February 2012.
- 3.2 At the Executive Board on 25 June, it was agreed to carry forward £1,920,380 of unspent 2011/12 budgets. At Resources Board on 11 June a budget of £1,000,000 was approved for the Local Authority Mortgage Scheme. This gives a total approved capital programme for 2012/13 of £7,077,850.

#### 4 **Budget Profiling**

- 4.1 To ensure that the Capital Programme projects are completed in a manageable time frame, a schedule of works is arranged by each budget holder and each of the schemes are timetabled for completion throughout the year. This schedule then feeds through to the budget profiling exercise, which identified that there are a number of capital schemes which were not due to have started by the end of July. The table below indicates the breakdown:

	£
Schemes not due to have started before 31 July 2012	3,618,490
Schemes due to have started before 31 July 2012	3,459,360
<b>TOTAL</b>	<b>7,077,850</b>

#### 5 **Schemes Not Yet Started in July**

- 5.1 The total value of the projects not yet started is £3,618,490 (51.12% of the 2012/13 Capital Programme). The particular schemes are shown in Appendix A.

#### 6 **Housing Schemes**

- 6.1 Although a programme of works has been established for housing related projects, the schemes in Appendix A are still at the pre-tender stage.

#### 7 **General Fund Schemes**

- 7.1 The Council Office refurbishment is not scheduled to begin until 2013. A number of schemes such as the Equalities Act work, switch gear replacement and the new telephone system will form part of this project.
- 7.2 In addition to this some invoices are expected later in the year such as the Warwickshire Direct Partnership.
- 7.3 At Resources Board on 2 April Members agreed in principle to the disposal of the Arcade. The £193,000 project for refurbishment works will only take place if delays in the transfer mean that the work becomes essential.

#### 8 **Schemes already started before 31 July 2012**

- 8.1 Those schemes that were planned to start by the 31 July 2012 total £3,459,360 (48.88% of the 2012/13 Capital programme) and are shown in Appendix B. The expenditure expected to date was £631,553, but actual spend or committed expenditure was £594,240; an under spend of £37,313.
- 8.2 Included within the HRA is an unallocated budget and this is comprised of £50,000 for asbestos removal works and £185,650 which has yet to be attributed to any scheme. This unallocated sum was included as, when compiling the 2012/13 estimates, the best information available were costs

from works completed during the Lovell's decent homes contract that took place between 2008/09 and 2010/11. It has been found that in some areas, tenders received have varied significantly from the estimates.

- 8.3 The cost of roofing work to date relates to unfinished contracts from 2011/12 and some associated asbestos removal costs. After having initial quotations, the programme of works to replace pitched roofs to property in the Borough is expected to cost approximately £229,000. This will exceed the budget allowed for roofing in 2012/13, with the costs relating to 2011/12 schemes adding to the expenditure in this area.
- 8.4 Given that the cost of the 2012/13 roofing contract has been identified and that the schemes relating to 2011/12 have now been completed, Members are asked to approve the vire of £66,530 from the unallocated budget to offset the additional cost of roofing work.
- 8.5 In the HRA there is currently an overspend of £17,658 in the Community Centre refurbishment budget. This variance relates to asbestos removal work that was required in the scheme to convert part of the community room at Eastlang Road Fillongley into a flat. The final cost of the scheme is still to be determined and the final invoice has yet to be received.
- 8.6 Financial Regulations require budget virements of £6,000 or more to be approved by Resources Board. Given the variations in tenders being received in a number of areas and the unallocated budget available, Members are asked to consider a different approach in this instance. It is suggested that virements up to the balance of the unallocated budget be delegated to the Assistant Director (Housing), following consultation with the Deputy Chief Executive and Chairs of Resources Board and Housing Sub-Committee. The virements would then be reported to the Board as part of the capital programme reports.
- 8.7 Within the General Fund there is an underspend of £75,604 in relation to Private Sector Disabled Facility Grants and £10,949 for Decent Homes Improvements. Expenditure for both of these schemes is incurred as payments are made, following completion and verification of the work. Currently expenditure of around £65,000 on Disabled Facility Improvements and around £40,000 on Decent Homes schemes has been committed, with work in progress.

## **9 Report Implications**

### **9.1 Finance and Value for Money Implications**

- 9.1.1 Of the total capital programme, schemes to the value of £3,618,490 were not started by 31 July. Of the remaining £3,459,360 capital programme, £631,553 was profiled to be spent and £594,240 has actually been spent or committed, leaving an under spend of £37,313 to date.
- 9.1.2 The schemes will contribute to various outcomes which will increase the services provided by the Council, from providing decent Council homes,

assisting in carrying out adaptations to resident's houses to helping to fund efficient heating systems to promote carbon reduction and encouraging fitness and wellbeing.

## 9.2 Safer Communities Implications

9.2.1 The Home Safety Check Scheme provides a service with Age Concern to help elderly residents be safe within their homes.

## 9.3 Environment and Sustainability Implications

9.3.1 Expenditure incurred as part of the Council's Capital Programme enables the Council to continue to improve and deliver a range of services to the people of North Warwickshire. The implementation of the capital programme will lead to improvements in the quality of life for the communities of North Warwickshire.

## 9.4 Risk Management Implications

9.4.1 Failure to make reasonable adjustments to ensure our buildings and facilities are accessible could expose the Council to potential litigation and risks damage to its reputation.

## 9.5 Equality Implications

9.5.1 The Council is required to ensure it meets the requirements of the Equality Act 2010. The Act brings together all previous equality legislation and includes a public sector duty (the equality duty) replacing separate duties relating to race, disability and gender equality. The capital programme includes some provision for improving accessibility as previously required under the Disability Discrimination Act. The DDA defines discrimination in a number of ways and outlines four specific types of discrimination: direct discrimination, failure to make reasonable adjustments, disability-related discrimination and victimisation.

9.5.2 Failure to make reasonable adjustments could result in limiting access to services provided from our buildings and facilities by disabled people and the potential for legal challenges being taken against the Council.

## 9.6 Links to Council's Priorities

9.6.1 The Contact Officer for this report is Jon Illingworth (719489).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper	Author	Nature of Background Paper	Date

Appendix A

Capital Schemes Not Started By The End Of July 2012

Expenditure Proposals	2012/13 Original Budget	2011/12 slippage	2012/13 Approved Budget
<b>Housing Revenue Account (HRA)</b>			
Cavity Wall Insulation	323,000	0	323,000
Piccadilly Development	0	70,000	70,000
Loft Insulation	102,700	18,840	121,540
New Build Housing 2010/11	0	134,170	134,170
Chimney Stacks	25,500	0	25,500
Structural Work	15,000	0	15,000
Unadopted Roads	20,000	0	20,000
UPVC Entrance Screens	38,500	0	38,500
<b>Total HRA</b>	<b>524,700</b>	<b>223,010</b>	<b>747,710</b>
<b>General Fund</b>			
Equalities Act	0	351,250	351,250
Electrical Work	0	36,490	36,490
Council Offices Electrics	15,000	37,010	52,010
Accommodation Project	955,180	50,000	1,005,180
Improve Arcade	0	193,000	193,000
Borough Care System Replacement	2,500	0	2,500
Computer Software/Hardware	30,000	0	30,000
Infrastructure	20,000	0	20,000
Warwickshire Direct Partnership	10,350	0	10,350
Leisure Book System Replacement	0	50,000	50,000
New Telephone System	0	65,000	65,000
New Switch Gear	0	55,000	55,000
Local Authority Mortgage Schemes	1,000,000	0	1,000,000
<b>Total General Fund</b>	<b>2,033,030</b>	<b>837,750</b>	<b>2,870,780</b>
<b>Grand Total</b>	<b>2,557,730</b>	<b>1,060,760</b>	<b>3,618,490</b>

## Capital Schemes Started By The End Of July 2012

Expenditure Proposals	2012/13 Original Budget	2011/12 slippage	2012/13 Approved Budget	Profiled Budget	TOTAL as at 31.07.12	Variance to profiled budget
<b>Housing Revenue Account (HRA)</b>						
Unallocated	235,650	0	235,650	13,410	0	(13,410)
Disabled Facility Adaptations	175,000	0	175,000	58,333	64,759	6,425
Community Centres	71,080	40,650	111,730	27,100	44,758	17,658
Windows & Doors	45,500	313,300	358,800	67,079	67,076	(3)
Kitchens & Bathrooms	142,800	54,360	197,160	11,240	24,645	13,405
Roofing	189,000	0	189,000	0	26,534	26,534
Heating	577,000	20,000	597,000	29,600	29,950	350
Electrics	114,000	0	114,000	5,000	4,798	(203)
External Works	38,000	0	38,000	6,000	6,609	609
Salaries	109,190	0	109,190	36,397	36,397	0
<b>Total HRA</b>	<b>1,697,220</b>	<b>428,310</b>	<b>2,125,530</b>	<b>254,159</b>	<b>305,524</b>	<b>51,365</b>
<b>General Fund</b>						
Leisure Equipment	20,000	0	20,000	6,667	5,118	(1,549)
Payment Management System	0	80,000	80,000	80,000	80,000	0
Life Lines	18,000	0	18,000	6,000	6,643	643
Capital Salaries	47,960	0	47,960	15,987	15,987	(0)
Disabled Facilities (Private Sector)	300,000	150,180	450,180	150,060	74,457	(75,604)
DHS Assistance	57,500	201,130	258,630	86,210	75,262	(10,949)
Vehicle Renewal Scheme	459,060	0	459,060	32,470	31,250	(1,220)
<b>Total General Fund</b>	<b>902,520</b>	<b>431,310</b>	<b>1,333,830</b>	<b>377,394</b>	<b>288,716</b>	<b>(88,678)</b>
<b>Grand Total</b>	<b>2,599,740</b>	<b>859,620</b>	<b>3,459,360</b>	<b>631,553</b>	<b>594,240</b>	<b>(37,313)</b>

**Agenda Item No 17**

**Resource Board**

**3 September 2012**

**Report of the  
Assistant Director (Housing)**

**Pay to Stay Consultation Paper**

**1 Summary**

- 1.1 This report provides information on the Government's recent 'Pay to Stay' Consultation.

**Recommendation to the Board**

- a That the report be considered and noted; and**
- b That a decision be made about whether the principle of very high earners living in social housing should pay higher than social rents is supported by the Council.**

**2 Consultation**

- 2.1 The Chairman of the Housing Sub-Committee (Councillor Winter) and Opposition Spokesperson (Councillor Johnston) have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

**3 High Income Social Tenants - Consultation**

- 3.1 The Department of Communities and Local Government have issued a consultation paper – 'Pay to Stay'. The consultation is concerned with finding a mechanism to charge a higher rent for tenants who have high income. The document is attached as a link to this report.
- 3.2 The case for reform is set out in the first part of the report. It states that it is estimated that in social rented housing in England there are between 1000 and 6000 households where the household reference person and partner have a combined income of over £100,000 and 12,000 to 34,000 earning £60,000 or more. The Government believes that there is not case for very high earners to be benefiting from significant annual housing subsidies. It states that it is taking action to restore fairness by limiting Housing Benefit so that claimants are faced with the same types of housing choices as ordinary working families. The consultation considers options for tackling the situation so that tenants earning high incomes can be asked to pay more to stay in their homes.

3.3 Significantly the consultation points out that social sector have no powers to require tenants to disclose income for the purpose of setting their rents. It states “Linking rents to income would be breaking new ground. Our present view is that primary legislation will be required to enable landlords to access tenant income data if this policy is to be fully effective.” (Page 7 Section 21) It goes on to say that Government intends to explore what such legislation might look like with the aim of introducing it at a suitable opportunity.

3.4 A high earning tenant is defined as a single tenant earning at or above the agreed threshold or the two highest earning individuals whose joint income is at or above that threshold. (The lowest threshold is £60,000, the highest is £100,000)

#### 4 **Local Context and Response to the Consultation**

4.1 Over 60% of the Council’s tenants are in receipt of Housing Benefit. These tenants are not high earners. The Council does not have any right to request or hold income information on its tenants. If rent arrears accrue we undertake an income and expenditure assessment to enable us to reach an appropriate agreement to clear the arrears. It is not our experience that these tenants are high earners. Over the last twenty years, with a national policy emphasis on home ownership as the tenure of choice social landlords have been asked to re-house applicants in housing need who cannot afford another solution. This national policy is reflected in North Warwickshire.

4.2 The Chartered Institute of Housing has provided some useful commentary on the consultation:

- Rents currently reflect the size and characteristics of the property. Basing rents on income can carry the risk of them reflecting the household not the property.
- There seems to be inconsistencies between two government policies – the ‘pay to stay’ and the ‘right to buy’. High earners may be asked to pay higher rents so that they don’t receive government subsidy alternatively they can buy their house at a significant discount and therefore benefitting from government subsidy
- Charging higher rents may bring in additional income but there is a risk that tenants will have more incentive to exercise their right to buy.
- The shift from rent being property based to person based will require providers to ascertain incomes on a regular basis with implications when that person moves or their circumstances change
- Social housing is already allocated to those in most need. Will this step further marginalise the sector?
- Will applying a national income threshold that doesn’t take account of regional differences work?

4.3 The first question asked as part of the consultation is whether the responding organisation agrees with the principle that very high earners living in social housing should pay higher than social rents. We are asked to reply ‘yes’ or ‘no’. Subsequent questions follow on from that. For example if the policy is



implemented it asks whether it should be for new tenants only or both? It also asks which of the three income thresholds is appropriate - £60K, £80K or £100K. The more practical questions around the operation of such a policy can be answered once the Board has decided whether it agrees with the principle. Some of them are covered in the 'Report Implications' section. However it is worth repeating that no Registered Provider currently has the right to insist on being provided with income information from tenants. This will continue to be the case until the Government effects primary legislation to deal with it.

## **5 Report Implications**

### **5.1 Finance and Value for Money Implications**

5.1.1 There are no financial implications arising directly out of this report. However if the policy was implemented there how the Council assesses its rents would be affected. There isn't anything similar in place at the moment and how the policy would work and possible cost would have implications. Additional resources would have to be employed to collect income information, keep it up to date and use it to influence rent setting.

5.1.2 It is not possible to assess how much additional income this Council would obtain from such a change in policy because tenant salary information is not available. It is possible that if it becomes a duty to act under a new policy rather than a local discretion implementing it could cost more than it brings in increased income if it is the case that few or none of our tenants are high earners.

5.1.3 It is difficult for the Council to give an opinion on the income threshold to be used when it does not have information available generally about tenants' salaries.

5.1.4 There may be legal costs if the primary legislation introduced depends on possession of the property.

### **5.2 Legal and Human Rights Implications**

5.2.1 The Council will not be able to insist that tenants provide up to date and regular information about their income unless the housing legislation is changed. If it is changed it will have to create a provision for tenants to be threatened with possession of their property if they do not provide income information. If they refuse an action in Court would be required. The Court will have to decide whether possession using the ground is reasonable unless the legislation creates a mandatory ground.

5.2.2 Council tenants currently have secure tenancies with rights. The Government has introduced Affordable Rent tenancies. These are more flexible and enable landlords to assess changes in tenants' circumstances and decide whether to continue or end their tenancy. Whilst this type of tenancy may not be palatable to all a landlords it does start to enable the sector to have a method of

keeping tenants circumstances under review without the need to introduce primary legislation to act against high earners.

The Contact Officer for this report is Angela Coates (719369).

### **Background Papers**

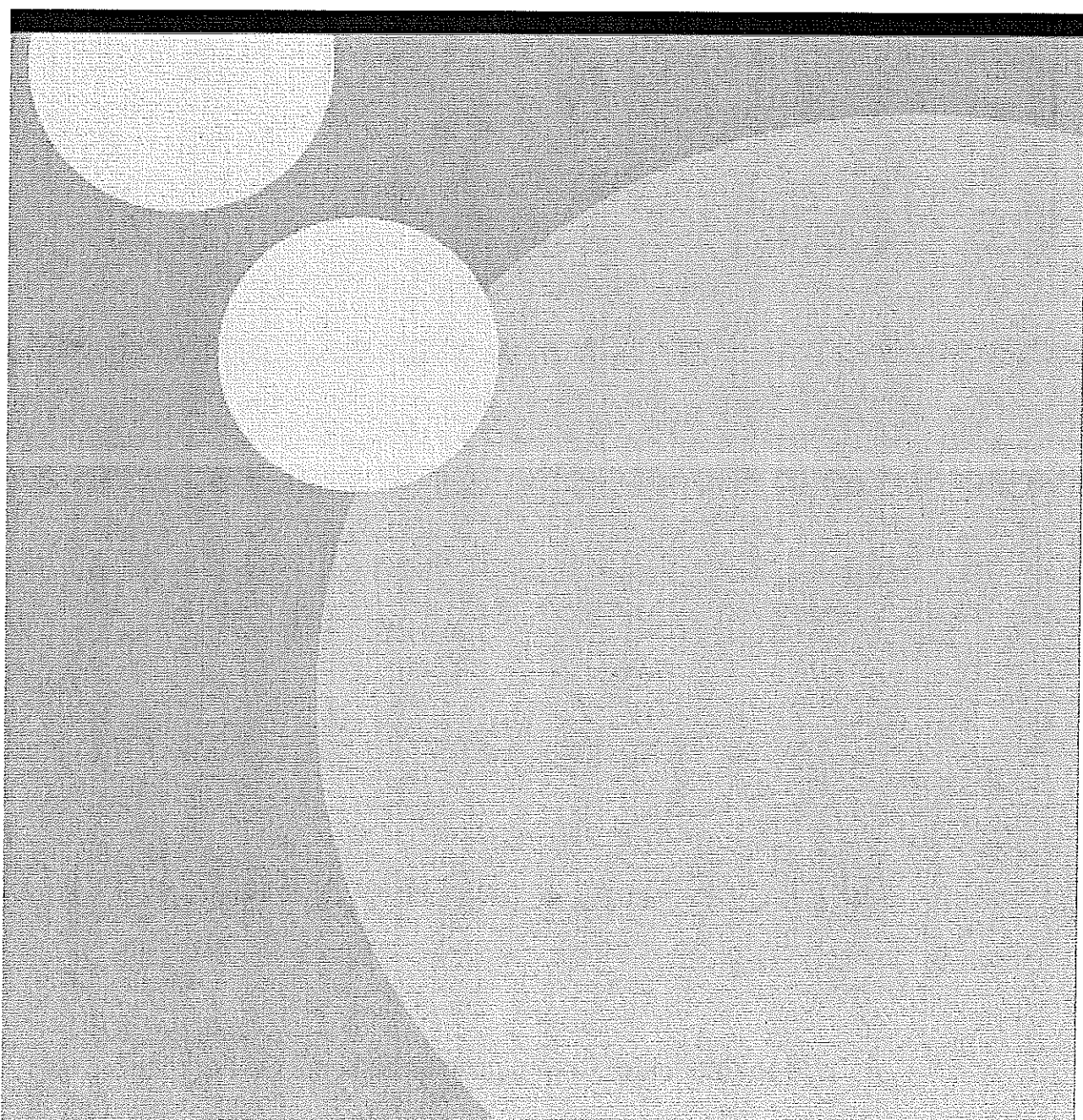
Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date



High Income Social Tenants

**Pay to Stay Consultation paper**





High Income Social Tenants

**Pay to Stay Consultation paper**

June 2012  
Department for Communities and Local Government

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## Introduction

1. In times of economic hardship it is more important than ever that social housing helps the most vulnerable in society. In November, the Prime Minister and the Deputy Prime Minister launched our radical new strategy for housing, *Laying the Foundations: A Housing Strategy for England*<sup>1</sup>. This includes major reforms to social housing that will give landlords far greater freedom to target their resources at those who need it for as long as they need it. In particular, our tenure reforms will allow social landlords to offer lifetime security where it is needed but also to set shorter terms for new tenants where that makes more sense. And reforms to social housing allocations will give councils the freedom to manage their own waiting list and allow them to give more priority to long-standing local residents.
2. In addition, our new statutory guidance on social housing allocations will make clear that we expect councils to avoid providing social housing to people who already own a property. We are also changing the law to ensure that former service men and women with urgent housing needs receive high priority on waiting lists, and to ensure that those who move from base to base do not lose their qualification rights.
3. However these reforms will not fully address the problem of precious social housing resources being occupied by high income households. The Government is committed to take action to tackle this problem and give social landlords the tools to target support at those who need it. Following on from the commitment made in the Housing Strategy<sup>2</sup> to tackle the problem of households earning high incomes who continue to occupy subsidised housing, we now propose to introduce a 'Pay to Stay' scheme whereby landlords could charge higher rents to tenants on high incomes who want to stay in their social homes.
4. This is an issue of principle and fairness. The Government believes that it is right that landlords should be able to require high income social households to pay a higher rent. This consultation invites views on how this policy could be delivered. The Government plans to bring forward more detailed proposals following this consultation.

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<sup>1</sup> <http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf>

<sup>2</sup> 'Laying the Foundations, A Housing Strategy for England' p29, November 2011

## The consultation process and how to respond

<b>Topic of this consultation:</b>	This consultation invites views on the proposal that social landlords should be able to require tenants in social rented housing on high incomes to pay higher rents.
<b>Scope of this consultation:</b>	The consultation invites views on how this proposal might be delivered. Specific delivery issues include: <ul style="list-style-type: none"> <li>• The income threshold above which high income tenants might be asked to pay a higher rent</li> <li>• What the higher level of rent should be</li> <li>• Disclosure of income by tenants</li> <li>• Whether the policy should be voluntary or compulsory for social landlords</li> </ul>
<b>Geographical scope:</b>	England.

## Basic information

<b>To:</b>	This consultation is aimed primarily at local authorities, registered providers of social housing, tenants and representative organisations. The Department will of course consider any consultation responses received from other interested bodies and individuals.
<b>Body/bodies responsible for the consultation:</b>	The Housing Growth and Affordable Housing Directorate in the Department for Communities and Local Government is responsible for this consultation.
<b>Duration:</b>	The consultation starts on 13 June 2012 and finishes on 12 September 2012.
<b>Enquiries:</b>	For further information on this consultation document please email [ <a href="mailto:paytostay@communities.gsi.gov.uk">paytostay@communities.gsi.gov.uk</a> ] or telephone 0303 444 3724.
<b>How to respond:</b>	Consultation responses should be submitted by email to: [ <a href="mailto:paytostay@communities.gsi.gov.uk">paytostay@communities.gsi.gov.uk</a> ] Or by post to: Pay to Stay Consultation Department for Communities and Local Government [Zone 1/D1]



	Eland House Bressenden Place London SW1E 5DU
<b>After the consultation:</b>	The Department for Communities and Local Government will publish a summary of the responses to the consultation.
<b>Compliance with the code of practice on consultation:</b>	This consultation document and consultation process have been planned to adhere to the Government code of practice on consultation. The period of consultation will be 12 weeks.

## The case for reform

5. It is estimated that in social rented housing in England there are between 1,000 and 6,000 households where the Household Reference Person and partner have a combined income over £100,000 per annum; and 12,000 to 34,000 earning £60,000 or more.

Income threshold	% of top earners <sup>3</sup>	Estimate of number of households	
		Low	High
£100,000	5%	1000	6000
£80,000	5%	2000	11000
£60,000	10%	12000	34000

6. Figures suggest that on average across England the economic subsidy provided by sub-market rents on social housing is worth an estimated £3,600 per annum. These subsidies are significant and the Government is concerned that they are unfair when provided to those on high incomes, both to taxpayers and to those in housing need on waiting lists. Social housing should go to those who genuinely need and deserve it the most. The Government believes that there is no case for very high earners to be benefiting from significant annual housing subsidies, even taking account of the case in favour of a mix of incomes in social housing. As the table above shows, our proposals target only the very richest, so any reduction in income mix is likely to be very minor. In a comparable move, the Government has already taken action to restore fairness by limiting Housing Benefit so that claimants are faced with the same types of housing choices as ordinary working families. This consultation considers options for tackling the situation so that tenants earning high incomes can be asked to pay more to stay in their homes.

**Question 1:** *Do you agree with the principle that very high earners living in social housing should pay higher than social rents?*

## Delivering reform

7. The Government has taken forward a package of social housing reforms to provide greater freedom for social landlords to target support at those who most need it. In common with this approach, and with regard to rents, we therefore wish to focus on options that enable landlords to charge a higher rent to high-income households, by which we mean a single tenant earning at or above the agreed threshold or the two highest earning individuals whose joint income is at or above that threshold.

<sup>3</sup> [http://www.hmrc.gov.uk/stats/income\\_distribution/3-1table-feb2012.pdf](http://www.hmrc.gov.uk/stats/income_distribution/3-1table-feb2012.pdf)

8. While we wish to formulate a common policy for all social housing, the differing nature of the local authority and housing association sectors will necessitate some differences in approach.
9. For **local authorities**, central Government's current social rent policy establishes local authority rent increases according to a formula linked to the property rather than to the individual tenant's income. The Government's rental policy statements have the status of non-statutory guidance. Authorities have the flexibility to set rents at another level, or using another basis, if that appears to them more appropriate to local circumstances.
10. Nevertheless, many local authorities follow rent policy. To bring this new policy into effect, we would therefore issue supplementary guidance, setting out a framework for local authorities to charge certain Higher Income Social Tenants a higher rent. We would also revise published policy statements on rents in the local authority sector to include this change. (A draft illustration of a revised statement of local authority social rent policy is at [Annex A](#).) This approach would allow councils to choose to implement the policy according to local circumstances. Subject to feedback on this consultation, we propose to issue the supplementary guidance as soon as possible after the end of the consultation period. This would immediately give local authorities more support if they wanted to increase rents for high-income households.
11. **Private registered providers of social housing** are subject to regulatory controls on the level of rent they may charge and maximum annual rent increases. In order to allow housing associations to charge higher rents to high income households which meet the criteria specified above, the Secretary of State would need to direct the Social Housing Regulator to amend its standard on rent. The Secretary of State's direction and the resulting standard would be subject to statutory consultation. The detail of how this will work is more complex, and we are seeking your views on these issues in the section below.

*Question 2: Do you agree that this approach would be the best way of delivering additional flexibility for local authorities and private registered providers?*

*Question 3: What are your views on the guidance at Annex A?*

*Question 4: Do you think that landlords should be required to charge high income households a higher rent?*

12. There are a range of practical and, potentially, legal barriers that would need to be overcome in order to implement the Government's final proposals. These include decisions on the income threshold, the need for landlords to know about the income of the tenant, the level of rent that should be charged and the impact of income changes.

13. The key issues are set out below and your views are invited on them.

## The income threshold

14. In setting the income threshold, the Government wants to strike the right balance without penalising aspiration or creating work disincentives. However, as has been shown in the debate around Welfare Reform, people believe it is wrong for hard working taxpayers to subsidise those who are easily able to support themselves. That is why we believe it is fair to seek views on possible options for an income threshold, and wish to hear views on the potential to set the threshold at £60,000, £80,000 or £100,000.
15. We consider that it is most likely that £80,000 or £100,000 would be the level which would best avoid perverse incentives. However, we believe there could also be a case for setting the threshold at £60,000, which would do more to achieve our aims in terms of fairness and is in line with the current maximum household income of £60,000 (or £74,000 in London) for access to Government funded affordable home ownership schemes, such as First Buy, in most parts of the country. Setting the threshold at £60,000 would therefore be consistent with the level below which people trying to get onto the housing ladder would be eligible to receive Government support to access housing.
16. We also invite comments on whether there is a case for setting the threshold below £60,000. The proposed policy could create disincentives to work, if people reduce hours worked in order to fall under a threshold, and thus avoid the higher rent levels we propose. There is increased risk the lower the threshold particularly where two tenants' incomes are taken account of.
17. Any incentive to reduce work, together with increased rents, could lead to higher benefit costs. The Government's policy is to maintain downward pressure on the welfare bill. We are keen, therefore, in setting the threshold to find a balance so the tipping point is not reached where avoiding triggering the threshold becomes a significant consideration.
18. While we remain open to views about whether there is a sound case for lowering the income threshold below £60,000, low income tenants are excluded from these proposals and the Government is committed to protecting the rents of those on low incomes and the vulnerable.

**Question 5:** *Do you consider that £60,000, £80,000 or £100,000 would be an appropriate threshold, avoiding the impacts referred to above?*

**Question 6:** *Could levels below £60,000 be considered without disadvantaging other households on low incomes or the vulnerable? Where should the line be drawn?*

**Question 7:** *At what level do you think the income threshold could start impacting on welfare or affecting work incentives?*

**Question 8:** *Should the policy apply only to those whose names are on the tenancy agreement?*

**Question 9:** *Should income other than pay be included in the threshold amount, such as Lottery windfalls or inheritances?*

**Question 10:** *Should certain groups be exempted from higher rents, such as disabled people, or pensioners? If so, please set out your reasoning.*

## How high should rents for high income social tenants be set?

19. There is a very strong case to allow rents to be increased to full market rents for high income households. However, in the housing association sector, it may be problematic to immediately introduce market rents in view of the charitable status and objectives of providers; although, equally, charitable providers have a clear interest in avoiding giving support to those who do not need it. In this context we propose to look at these issues further and to encourage landlords to increase rents to 80% of market rents in the interim, with the aim of introducing full market rents for higher income tenants as soon as possible.

**Question 11:** *Do you agree that landlords should be able to charge 80% of market rates to high income households which meet the proposed criteria, that is an individual or two individuals with a high joint income?*

**Question 12:** *Would allowing landlords to charge full market rents be appropriate in your area in your view?*

**Question 13:** *Are there any practical barriers to charging full market rents?*

**Question 14:** *If the power to charge a higher rent was optional for landlords, would you be likely to make use of it?*

## Disclosure of income

20. Social sector landlords currently have no powers to require tenants to disclose income for the purpose of setting their rents.

21. Linking rents to income would be breaking new ground. Our present view is that primary legislation will be required to enable landlords to access tenant income data if this policy is to be fully effective.

22. We intend to explore what such legislation might look like, with the aim of introducing it at a suitable opportunity. In the interim, we intend to

explore how we could support landlords by providing them with greater flexibility to charge higher rents to high income households; for example, through supplementary guidance for local authority landlords.

23. We also intend to fully explore timing issues including the "income" year to which the new rent should be applied. There may be arguments for introducing the higher rent based on either the previous year's income, or the forthcoming year. Your views are invited on the period to which the new rent should apply.

*Question 15: Your views are invited on how we could best enable landlords to set higher rents to high income households in advance of any legislation.*

*Question 16: We would also welcome your views on the practicalities of requiring income disclosure; and specifically, what kind of mechanism would be needed and how this would best work.*

*Question 17: Do you already hold or have access to information about tenants' income levels that could be used to support a "pay to stay" approach?*

*Question 18: Would you be likely to make use of any new statutory powers to require tenants to disclose their income?*

*Question 19: Should the income year be the tax year, the calendar year or a rolling year? Do you see difficulties with adjusting a tenant's rent based on a previous year?*

## Applying the policy to existing and new tenants

24. Existing local authority tenants are largely secure tenants under the Housing Act 1985, whose terms and conditions of tenure are set out in their tenancy agreements, which would have been agreed prior to the introduction of the policy proposed here. Local authority landlords are able to renegotiate tenancy agreements and they generally set rent levels each year, but not generally in relation to tenants' incomes. Existing social tenants will have legitimate expectations of existing arrangements continuing, and would need to be given adequate notice of any proposed changes in rent levels. The high incomes of the affected tenants and their corresponding capacity to make alternative arrangements if needed would clearly be a major factor in determining the amount of notice that would be sufficient in particular cases.
25. The vast majority of tenants of private registered providers have assured tenancies under the Housing Act 1988. Usually rent increases are a matter for the terms of the tenancy. Such tenancies will often give landlords discretion to vary rents, subject to giving tenants adequate notice. However, if rent provisions in tenancies make promises as to the level of future increases, private registered providers would have to renegotiate those tenancies in order to charge existing tenants a higher

rent.

26. The position for new tenants should be more straightforward. There are reforms in the Localism Act to provide that local choice for social landlords and new tenancies moving forward. For new tenants with fixed term tenancies it may be possible at review time for agreement to be reached on a different level of rent suited to the tenant's circumstances. It may also be easier to make further adjustments where those circumstances changed.

*Question 20: What practical issues do you see in charging existing high income tenants a higher rent?*

## Moves and income changes

27. A new system would need to be sufficiently sensitive to respond to changed circumstances quickly, for instance where a tenant's income was abruptly reduced due to a redundancy, a failed business, or where the tenant moved out; or conversely where a new partner moved in and income significantly increased.

*Question 21: How quickly could local authority and housing association rent processes respond to changed tenant circumstances? What issues might arise? For instance would there be a need to seek regular updates from tenants on their circumstances? Would this just be in relation to known high income social tenants, or all tenants?*

## Tenant protections

28. Landlords may need to have a review/appeal mechanism so that tenants can challenge decisions to put them onto a higher rent. This would not need to be a statutory procedure, but could be introduced as an internal arrangement for each social landlord. We envisage that landlords will be able to make use of their existing internal and external complaint procedures for this purpose.

*Question 22: Is an internal appeal or complaint process the best way of allowing tenants to appeal against decisions to put them onto a higher rent? Are there existing appeal or complaint mechanisms within your structures that could be adapted for this purpose?*

*Question 23: Should there be a uniform set of rules across the social housing sector on how any appeals should be handled? If so, who should make these rules?*

## Administrative implications and costs

29. Charging rents for some tenants on a different basis than the majority could create additional administrative work for the landlord, such as

collecting information on incomes, and assessing tenants to adjust rents where their circumstances change. However, the new policy also provides the opportunity for additional income generation and for ensuring that the valuable housing stock is being used effectively.

30. As noted above, the maximum amount by which private registered providers can raise social rents is controlled by regulation. We could amend these controls, via a direction to the Social Housing Regulator, in order to give providers the option to charge higher rents to high income households. This change could create additional costs for the Regulator. It would be up to the Regulator to decide how to monitor landlords' decisions to charge higher rents and how to monitor and enforce compliance with the amended regulatory standard.

**Question 24:** *What is your view of the administrative costs that might be incurred in implementing these proposals? What opportunities do you see for minimising additional costs?*

**Question 25:** *Do you have any comments about the regulatory implications of giving private registered providers these additional flexibilities?*

## Use of increased rental income

31. Increasing rents for high income social tenants would lead to additional income for landlords. The extent of this additional income would depend on the income threshold, definition of income and to what level rents were increased. We welcome views on how the additional income generated should be used.

**Question 26:** *How should additional income generated by this policy be used?*

## Treatment of historic grant

32. Where a provider converts a grant-funded social rent property to a higher rent, some or all of the grant might need to be recovered by the Homes and Communities Agency or reinvested by the provider in new affordable housing supply. There are already mechanisms in place to ensure that developing providers will reinvest the grant in providing new affordable housing, but non-developers may need to pay grant back to the Homes and Communities Agency. This could become more complicated if the property subsequently reverts back to social rent (e.g. if the high income household moves on or its circumstances change).

**Question 27:** *What are the practical implications of requiring grant reinvestment / recovery when a property moves to a higher rent (or reverts back to social rent)?*



## Other issues

*Question 28: Are there any other issues you wish to raise?*

## **Annex A: Draft Supplementary Guidance to Local Authorities in Setting Their Social Rents**

### **Charging a Reasonable Rent for High Income Social Tenants**

This guidance supplements the social rent policy statement issued in December 2000, which set out the rent restructuring policy, and approach for social rents. This guidance should be read alongside the existing guidance.

The Government believes that it is right in principle that landlords should be able to charge high-income households a higher rent to stay in their social homes. The consultation paper 'High Income Social Tenants: Pay to Stay' set out our intention to give councils and housing associations new powers to charge social tenants a higher rent where the household income of a sole occupier, or the two highest earning individuals whose joint income is at or above a threshold of [figure to be determined. See 'Income Threshold' section of consultation document]. We are committed to helping social landlords take action to tackle the problem of scarce social housing resources being occupied by high-income households by giving them the tools to charge a 'Pay to Stay' rent.

Local authorities have existing statutory powers, under section 24 of the Housing Act 1985, to charge reasonable rents. Each local authority would need to consider whether charging a high income-earning tenant a higher rent was appropriate, but the Government considers the existing statutory powers should allow for Higher Income Social Tenants rents.

The limits we would expect to see applied to Higher Income Social Tenants Rents would be full market rent, with an increase in rent to 80% of market rents in the interim, plus annual increases of no more than the level of Retail Price Index (RPI) inflation plus 0.5%. However, the Government is proposing to move to enable these rents to be set at market rates as soon as possible.

At present there is no requirement for tenants to disclose their incomes to their social landlords. We have said we may consider bringing in primary legislation in due course to make income disclosure a requirement.

Authorities should consider whether in local circumstances they want to use this new flexibility to charge tenants in the high income category a higher rent.

Under this policy the key elements are:-

- The new rents should apply to tenants with incomes of [figure to be determined. See 'Income threshold' section of consultation document];

- The policy applies to an individual tenant earning [figure to be determined. See 'Income Threshold' section of consultation document], or the two highest earners in the household with a joint income of [figure to be determined. See 'Income Threshold' section of consultation document];
- Tenants on low incomes should continue to be protected from unreasonable rent increases;
- For now the rent increase should be a maximum of 80% of local market rates, but with full market rents for high earning social tenants as soon as possible.

Where a tenant ceases to be subject to a Higher Income Social Tenant rent, and remains in the property, we would expect that tenant to revert to the social rent that would have been charged on the property if a Higher Income Social Tenant rent had not been applied.



**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE  
HOUSING SUB-COMMITTEE**

**9 July 2012**

Present: Councillor Winter in the Chair

Councillors Davis, N Dirveiks, Johnston and Moore

Councillors Humphreys and Smith were also in attendance.

**44 Declarations of Personal or Prejudicial Interests**

Personal interests arising from the membership of various Town/Parish Councils of Councillors Davis (Atherstone), Moore (Baddesley Ensor) and Winter (Dordon) were deemed to be declared at the meeting.

**45 Minutes of the Housing Sub-Committee held on 17 April 2012**

The minutes of the meeting of the Sub-Committee held on 17 April 2012, copies having previously been circulated, were approved as a correct record and signed by the Chairman.

**46 Review of Home Improvement Agency**

The Assistant Director (Housing) updated the Sub-Committee on the progress of the Home Improvement Agency review and proposed a revised service level agreement which set out interim arrangements between North Warwickshire Borough Council and Nuneaton and Bedworth Borough Council.

**Resolved:**

- a That the progress of the Home Improvement Agency Review be noted; and**
- b That the revised service level agreement, as set out in the report of the Assistant Director (Housing), be agreed.**

47 **North Warwickshire Borough Council Tenancy Policy**

The Assistant Director (Housing) provided the Sub-Committee with details regarding the tenancy policy which is required to be in place setting out the type of tenancies it will use for its own stock.

**Resolved:**

**That the draft policy responses set out as Appendix A to the report of the Assistant Director (Housing) be agreed.**

48 **Social Housing Regulatory Requirements and Tenant Involvement and Empowerment**

The Assistant Director (Housing) provided information about the recently published Regulatory Requirements for Social Housing and the implications for Tenant Involvement and Empowerment.

**Resolved:**

**That the contents of the report of the Assistant Director (Housing) be noted.**

49 **Homelessness Strategy**

The Assistant Director (Housing) provided Members with a revised, draft Homelessness Strategy to reflect current issues with regard to homelessness in the Borough and actions required to address those issues.

**Resolved:**

**a That the revised Homelessness Strategy be considered and adopted; and**

**b That the Prevention Repossession Fund be locally adopted.**

50 **Impact of Welfare Benefit Reforms on Council Tenants and Income Collection**

The Assistant Director (Housing) provided information about the implications of the Government's welfare forms for the Council's role as a landlord and proposed some actions which can be taken in anticipation of their implementation.

**Resolved:**

- a That the implications of the Government's Welfare Reform Act for the Council's tenants and income collection be noted; and

**Recommendation to the Special Sub-Group:**

- b That the proposal to appoint a Welfare Reform Advice Officer be approved.

**51 Housing Revenue Account Budgetary Control Report 2012/13 Period Ended 31 May 2012**

The Assistant Director (Finance and Human Resources) provided details covering the total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 May 2012.

**Resolved:**

**That the report of the Assistant Director (Finance and Human Resources) be noted, and that the figures contained in the Business Plan column on Appendix A be accepted.**

Councillor Winter  
Chairman

**Agenda Item No 19**

**Resources Board**

**3 September 2012**

**Report of the  
Chief Executive**

**Exclusion of the Public and Press**

**Recommendation to the Board**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**Agenda Item No 20**

**Affordable Housing Developments** – Report of the Assistant Director (Housing).

Paragraph 3 – by reason of the report containing financial details of an organisation.

**Agenda Item No 21**

**Public Conveniences** – Report of the Assistant Director (Streetscape)

Paragraph 3 – by reason of the report containing financial details of an organisation.

**Agenda Item No 22**

**Irrecoverable Local Taxation and Housing Debts** – Report of the Assistant Chief Executive (Community Services)

Paragraph 3 – by reason of the report containing financial details of an organisation.

**Agenda Item No 23 – Council Land in Atherstone** – Report of the Assistant Chief Executive and Solicitor to the Council.

Paragraph 5 – by reason of the report having legal implications.

**Agenda Item No 24 – The Arcade** – Report of the Assistant Director (Streetscape)

Paragraph 3 – by reason of the report containing financial details of an organisation

The Contact Officer for this report is David Harris (719222).