

# Unrestricted Document Pack

APOLOGIES Committee Services  
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CHIEF EXECUTIVE'S OFFICE  
CHIEF EXECUTIVE  
Fiona Marshall

18 September 2017

Dear Councillor

You are summoned to attend the meeting of the;

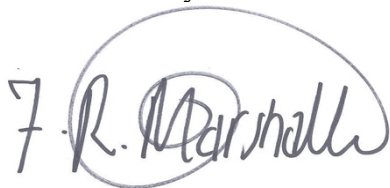
## **FINANCE AND CORPORATE SERVICES COMMITTEE**

on **TUESDAY 26 SEPTEMBER 2017 at 7.30 pm.**

in the Council Chamber. Maldon District Council Offices, Princes Road, Maldon.

A copy of the agenda is attached.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'F. R. Marshall', enclosed within a large, hand-drawn oval.

Chief Executive

### COMMITTEE MEMBERSHIP

#### CHAIRMAN

Councillor D M Sismey

#### VICE-CHAIRMAN

Councillor I E Dobson

#### COUNCILLORS

Mrs B F Acevedo

J P F Archer

P G L Elliott

A S Fluker

M S Heard

Miss M R Lewis

Rev. A E J Shrimpton

#### *Ex-officio non-voting Members:*

*Councillor B S Beale MBE*

*Councillor M F L Durham CC*

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**AGENDA**  
**FINANCE AND CORPORATE SERVICES COMMITTEE**  
**TUESDAY 26 SEPTEMBER 2017**

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1. **Chairman's notices (please see overleaf)**

2. **Apologies for Absence**

3. **Minutes of the last meeting** (Pages 7 - 24)

To confirm the Minutes of the meeting of the Finance and Corporate Services Committee held on 25 July 2017 (copy enclosed).

4. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, other Pecuniary Interests or Non-Pecuniary Interests relating to items of business on the agenda having regard to paragraphs 6-8 inclusive of the Code of Conduct for Members.

(Members are reminded that they are also required to disclose any such interests as soon as they become aware should the need arise throughout the meeting).

5. **Public Participation**

To receive the views of members of the public on items of business to be considered by the Committee (please see below):

1. A period of ten minutes will be set aside.
2. An individual may speak for no more than two minutes and will not be allowed to distribute or display papers, plans, photographs or other materials.
3. Anyone wishing to speak must notify the Committee Clerk between 7.00pm and 7.20pm prior to the start of the meeting.

6. **Chairman's Good News Announcements**

7. **Promenade Park, Maldon - Income Share for the Maldon District** (Pages 25 - 42)

To consider the report of the Director of Customers and Community, (copy enclosed).

8. **Supplementary Estimate - Project 180** (Pages 43 - 44)

To consider the report of the Director of Resources, (copy enclosed).

9. **Annual Review of Financial Regulations** (Pages 45 - 106)

To consider the report of the Director of Resources, (copy enclosed).

10. **Replacement Commissioning and Procurement Strategy and Contract Procedure Rules** (Pages 107 - 154)

To consider the report of the Director of Resources, (copy enclosed).

11. **Medium Term Financial Strategy - Update** (Pages 155 - 160)

To receive and note the report of the Director of Resources, (copy enclosed).

12. **Asset Management Working Group** (Pages 161 - 164)

To consider the report of the Director of Resources, (copy enclosed).

13. **Any other items of business that the Chairman of the Committee decides are urgent**

14. **Exclusion of the Public and Press**

To resolve that under Section 100A (4) of the Local Government Act 1972 the public 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 in Paragraph ??? of Part 1 of Schedule 12A to the Act, and that this satisfies the public interest test.

15. **Human Resources Statistics - Quarter One 2017 / 18** (Pages 165 - 176)

To consider the report of the Director of Resources, (copy enclosed).

16. **Market Site** (Pages 177 - 200)

To consider the report of the Director of Resources, (copy enclosed ).

**NOTICES**

**Sound Recording of Meeting**

Please note that the Council will be recording any part of this meeting held in open session for subsequent publication on the Council's website. At the start of the meeting an announcement will be made about the sound recording. Members of the public attending the meeting with a view to speaking are deemed to be giving permission to be included in the recording.

**Fire**

In event of a fire, a siren will sound. Please use the fire exits marked with the green running man. The fire assembly point is outside the main entrance to the Council Offices. Please gather there and await further instruction.

**Health and Safety**

Please be advised of the different levels of flooring within the Council Chamber. There are steps behind the main horseshoe as well as to the side of the room.

**Closed-Circuit Television (CCTV)**

This meeting is being monitored and recorded by CCTV.



**MINUTES of  
FINANCE AND CORPORATE SERVICES COMMITTEE  
25 JULY 2017**

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**PRESENT**

Chairman	Councillor D M Sismey
Vice-Chairman	Councillor I E Dobson
Councillors	J P F Archer, P G L Elliott, A S Fluker, M S Heard, Miss M R Lewis and Rev. A E J Shrimpton
Ex-Officio Non- Voting Member	Councillor B S Beale MBE
In Attendance	Councillors H M Bass and R G Boyce MBE

**280. CHAIRMAN'S NOTICES**

The Chairman drew attention to the list of notices published on the back of the agenda.

**281. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Mrs B F Acevedo, M F L Durham and Miss M R Lewis. In accordance with notice duly given Councillor R G Boyce was attending as a substitute for Councillor Miss Lewis.

**282. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 14 June 2017 be approved and confirmed.

**283. DISCLOSURE OF INTEREST**

There were none.

**284. PUBLIC PARTICIPATION**

No requests had been received.

## **285. CHAIRMAN'S GOOD NEWS ANNOUNCEMENTS**

The Chairman referred to the following items:

- Maldon District's Local Development Plan approved by Secretary of State Sajid Javid.
- Work on the Essex Police base at the Council Offices had been completed and the Police will be relocating during the Summer.
- Exam success – Council Accountants have achieved success in recent Association of Chartered Certified Accountants exams.
- The Burnham-on-Crouch Neighbourhood Development Plan Referendum took place last week with 1,432 voting yes.
- External Audit have nearly completed the audit of the Council's financial statement.

## **286. CORPORATE HEALTH AND SAFETY**

Councillor Miss M R Lewis joined the meeting. As Councillor Miss Lewis was in attendance Councillor R G Boyce stepped down as substitute at this point.

The Committee received the report of the Director of Resources reporting corporate health and safety activity for the first quarter to 30 June 2017. A summary by directorate and a description of the reported accidents and near misses were set out in the report. Appendix 1 to the report set out progress with the Health and Safety Action Plan for 2017 / 18.

In response to a question, further information was provided in respect of the Council's procedure for dealing with unacceptable behaviour.

### **RESOLVED**

- (i) that the accident and incident statistics for quarter one be noted;
- (ii) that progress with the Health and Safety Action Plan for 2017 / 18 be noted.

## **287. HUMAN RESOURCES POLICY AND PROCEDURE**

The Committee considered the report of the Director of Resources seeking Members' consideration of proposed changes to the Council's human resources policy 'Probation Policy and Procedure' (attached as Appendix 1 to the report).

The report set out a number of changes that had been made to the Policy. It was noted that agreement to the changes had been reached in consultation with the recognised union, UNISON.

**RECOMMENDED** that the Probation Policy and Procedure, attached at **APPENDIX 1** to these Minutes, be approved.

## **288.    DISABLED FACILITIES GRANTS**

The Committee considered the report of the Director of Customers and Community seeking Members' approval to vary the fees for Disabled Facilities Grants (DFG) in accordance with the recommendation of the Community Services Committee on 4 July 2017.

It was noted that the Council had made good progress in expanding the conventional DFG service and was now looking at how work could be linked with other complementary services to meet Government expectations. The proposed change to fees to align the Council with other Districts would help maintain capacity and subject to agreement by Essex County Council give the ability to top-slice some of the other grant to support the expansion of local services provided. A testimony at Appendix 1 to the report illustrated the positive impact that the Council can have on the lives of some of the most vulnerable local residents.

**RESOLVED** that in order to make the service sustainable and meeting current and future strategic demands, the increase of Disabled Facilities Grants fees to 15%, be approved.

## **289.    2016 / 17 BUDGETARY OUTTURN UNDERSPENDS**

The Committee received the report of the Director of Resources providing information in relation to the current status of capital projects, why they may not be proceeding as planned and when it was identified that a project may not happen. The report also provided information on the reasons for the revenue outturn underspend position for 2016 / 17.

Appendix 1 to the report provided a summary of key underspends from the 2016 / 17 outturn and a table within the report identified the largest of key budget underspends, categorising the reason. Appendix 2 detailed the capital programme for 2016 / 17 and its position at year end. It was noted that only 67% of the programme had been completed and a table in the report summarised the reasons for project underspends. The report advised that work programmes and capital monitoring procedures had been reviewed to ensure that issues in delivering the capital programme were less frequent and identified at an earlier stage.

In response to a number of questions raised, the Committee was provided with the following information:

- The Corporate Management Team were looking to ensure proper internal controls were in place with regards to budgeting.
- The Council was moving towards a zero based budget for 2018 / 19;
- Supplementary estimates were being stopped where virements could take place;
- Work was ongoing to increase understanding of capital monitoring and being more stringent in what was being approved.
- In respect of capital projects over the last financial year, there had been an overspend on the St. Cedds budget but in respect of the ongoing revenue

contracts each contract had an allocated contracts manager and it was reported that these had not cause any ongoing issues in the last financial year.

Reference was made to the need for accountability from the Corporate Leadership Team as well as Group Managers, reporting to Members where delivery may not be possible.

**RESOLVED** that the contents of the report and proposed remedial actions, be noted.

## **290. BUDGETARY CONTROL (APRIL - JUNE 2017)**

The Committee received the report of the Director of Resources providing Members with key financial information on the progress to date against the approved budget over the period 1 April – 30 June 2017.

The report detailed the variance analysis for the following areas:

- Revenue Budgets (as shown in Appendices 1 and 1A to the report);
- Vacancy savings (as shown in Appendix 2 to the report);
- Agency expenditure;
- Major Sources of Income;
- Capital Projects (as shown in Appendix 3 to the report);

It was noted that current financial performance was within the approved budget limits. Capital projects were progressing, with further projects to start within the Council's parks and open spaces and the Director of Customers and Community had reviewed resources to ensure estimated delivery times were achieved.

**RESOLVED** that the contents of the report be noted.

## **291. SUPPLEMENTARY ESTIMATES AND VIREMENTS**

The Director of Resources reported that there were no supplementary estimates or virements to report for this period.

## **292. EXCLUSION OF PUBLIC AND PRESS**

**RESOLVED** that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A to the Act, and that this satisfies the public interest test.

## **293. MILLFIELDS CARAVAN PARK, BURNHAM-ON-CROUCH**

The Committee considered the report of the Director of Resources updating Members on the negotiations for the lease at the Millfields Caravan Park, Burnham-on-Crouch following the meeting of this Committee on 26 April where it was requested that subject



to a directors personal guarantee for a minimum period of ten years a new lease be offered to Birch Leisure Parks Ltd.

The report provided background information regarding the lease and detailed the result of discussions between Officers, Essex Legal Services and Birch Leisure Parks (and their advisors). Members' attention was drawn to a table in the report which set out two options for consideration. It was clarified that as well as the Leader and Deputy Leader of the Council other Members had attended the meeting with Birch Leisure Parks.

Councillor A S Fluker proposed that the Council agree option one as set out in the report. This proposal was duly seconded.

In response to a number of questions the Council's Legal Advisor provided the Committee with additional information which included details regarding:

- the planning application to be submitted;
- the process if planning permission was not granted;
- the proposed lease commencement dates and rent provisions;
- the process if the company were to go into administration;
- the designation of the site as a holiday park.

The Chairman then put the proposal in the name of Councillor Fluker to the Committee and upon a vote being taken this was agreed.

**RESOLVED** that a new lease for the Millfields Caravan Park, Burnham-on-Crouch be offered to Birch Leisure Parks Limited subject to option one as detailed in the report.

There being no further items of business the Chairman closed the meeting at 8.05 pm.

D M SISMEY  
CHAIRMAN

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MALDON DISTRICT  
COUNCIL

# Probation policy and procedure

July 2017



**Maldon District Council**  
**Probation policy and procedure**

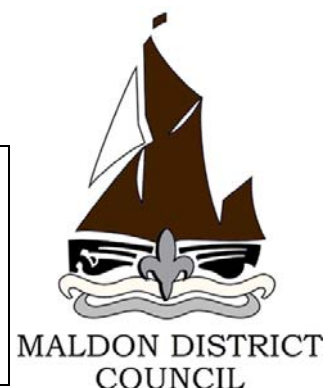
Document Control Sheet

<b>Document title</b>	<b>Probation policy and procedure</b>
<b>Summary of purpose</b>	The purpose of this Policy and procedure is to provide information and guidance for employees of Maldon District Council on the Council's Probation process. To provide a framework to judge the suitability of an employee, to discuss any shortcomings and agree action to help the employee achieve the required standards.
<b>Prepared by</b>	HR
<b>Status</b>	Final Approved by Finance and Corporate Services Committee 25.07.17
<b>Version number</b>	4
<b>Approved by</b>	
<b>Approval date</b>	Revised July 2017
<b>Date of implementation</b>	May 2012. Revised November 2015 and July 2017.
<b>Review frequency</b>	
<b>Next review date</b>	As required by legislative changes
<b>Circulation</b>	All Staff
<b>Published on the Council's website</b>	N/A

**Validity Statement**

This document is due for review by the date shown above, after which it may become invalid. Users of the strategy or policy should ensure that they are consulting the currently valid version of the document.

**If you would like this information in large print, Braille or another language, please contact Human Resources.**



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**Maldon District Council**  
**Probation policy and procedure**

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## **Section One – Policy and Procedure Overview**

### **1 Policy Statement**

Maldon District Council seeks to promote good employment relationships and practices, and this policy aims to ensure that all new employees, who are new to the employment of the Council, have a probationary period during which they will be introduced to the main duties and responsibilities of their post and the performance standards expected of them.

The purpose of this policy is to ensure that there is a fair and systematic approach in place to ensure expected standards are established and understood, performance is monitored, with areas of improvement addressed, and employees are given appropriate training and support to meet these standards.

The probation procedure should be used as a tool to ensure that employees are given every opportunity to prove their suitability for the post to which they have been appointed.

The Council's standard period of probation is 24 weeks. Extensions to the probationary period may exceptionally be given if this is appropriate.

Employees dismissed during their probation period will be given one month's notice in line with the Terms and Conditions of Employment.

Where an employee exceeds the Council's set Key Performance Indicator target for sickness during their probationary period, a meeting will be held to discuss options which may include extension of probation or dismissal.

This policy is mandatory for all Managers to undertake and follow with all new employees as directed by Human Resources.

### **2 Procedure Overview**

- 2.1 The Council's standard period of probation is six months.
- 2.2 Assessment reviews will take place at 4 weeks, 12 weeks and a final assessment review at 24 weeks. Progress reviews may happen in the intervening time, for new employees
- 2.3 The outcome of the probation period is either:
  - To confirm the appointment of the new employee.
  - To extend the employee's probation period if the circumstances warrant this extension. An extension may be implemented in circumstances where the employee's performance during probation has not been entirely satisfactory but it is thought likely that an extension to the probationary period may lead to an improvement, or where the employee or line manager has been absent from the workplace for an extended period during probation, for example. The extension can only be for a further 3 months, thereafter a decision needs to be made as to whether to dismiss or confirm the appointment.

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- To dismiss the employee if an employee's performance while on probation has been unsatisfactory despite support and it is thought unlikely that further training or support would lead to a satisfactory level of improvement. A decision to dismiss may be taken at any time during the probation period if this is considered appropriate.
- To dismiss the employee because they have behaved inappropriately or have breached their contract of employment through breaching the councils policies and procedures.
- To dismiss the employee due to unacceptable levels of absence due to sickness during the probation period; the Council's Key Performance Indicator target will be considered.

### 3 Scope of this Policy

3.1 This procedure applies to all Council employees, except:

- Officers employed under the JNC for Chief Executives and the JNC for Chief Officers Conditions of Service.
- Existing employees who have six months continuous service with the Council and have already successfully completed a six month probationary period are exempt from the probation policy. Existing employees in this instance will be managed in their new role through the Performance Management Framework using the tool Performance Conversations.
- This policy does not apply to those employees who have been redeployed or moved internally to a new post within the Council unless the employee is new to the Council and is already subject to the Probation policy and procedure.

3.2 All new appointments to the Council will be subject to the successful completion of a 24 week probationary period regardless of any previous local government service.

3.3 Employees engaged on fixed term/temporary contracts of six months or less are not subject to a probation period, although they would be required to serve a probation period if offered a permanent contract. Managers should give serious consideration to requiring employees to serve a probationary period if there is a likelihood that the fixed term/temporary contract will be, or is, extended beyond the initial six month period. Employees engaged on fixed term/temporary contracts for more than six months are required to undertake probation. Following completion of probation they will be given confirmation of their fixed term appointment.

## **4 Links to other Policies/Procedures**

- 4.1 There may be a need to operate another policy while the probation procedure is being followed. These procedures will normally run simultaneously however, consideration may be given to suspending one of the procedures following consultation with Human Resources.
- 4.2 Other procedures to follow may include:
- Induction Policy and Procedure
  - Managing Attendance Policy and Procedure
  - Managing Organisational Change
  - Improving Performance Policy and Procedure
  - Performance Management Framework



## **Section Two – Procedure**

### **1 Roles and Responsibilities**

#### **1.1 Line Managers are expected to:**

- Ensure that the employee is properly informed at the start of his/her employment about the standards expected during probation
- Ensure the Council's Core Values are fully explained and how they relate to our every day work
- Properly monitor a new employee's performance and progress during the probationary period addressing any areas of improvement as early as possible
- Diary all assessment review meetings at the outset of the probation period
- Provide appropriate training, support and guidance to the employee during the probation period
- Follow the probation policy and procedure correctly and undertaking all assessment reviews to the timescales set
- Notify Human Resources of the employee's progress by completing the formal review forms and raising any issues or concerns, seeking relevant advice, guidance and support

#### **1.2 Employees are expected to:-**

- Take responsibility for demonstrating their suitability for the role during the probationary period by undertaking the duties and responsibilities of their role to the agreed standards
- Abide by all of the Council's policies and procedures
- Identify any learning and development needs and discuss with the line manager
- Identify any areas of difficulty/improvement needed and discuss with the line manager
- Attend work unless they are not well enough to do so
- Comply with the reporting sickness absence procedure; Managing Attendance Policy & Procedure
- Inform their line manager if they have a disability should this disability affect their ability to fulfil their role or maintain regular attendance should this not have already been disclosed on the medical questionnaire completed at recruitment stage.
- Advise their line manager if they are taking medication which may impair their ability to undertake their duties

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#### 1.3 Human Resources will:

- Provide advice and guidance in the operation of this policy, attending meetings as appropriate
- Issue appropriate letters to the employee in accordance with the line manager assessment process
- Maintain accurate sickness absence data and provide details of sickness absence and management information to assist managers in undertaking their role
- Provide assistance to Managers in using the Performance Management Framework, Performance Conversations for existing staff that have already completed six months satisfactory probation period.

## 2 The Procedure

### Progress Meetings

- 2.1 The process of probation should include regular progress meetings between the line manager and the employee.
- 2.2 These meetings should be held regularly throughout the probation period and will allow the employee's performance and progress to be monitored.
- 2.3 Progress meetings should be planned and scheduled at the outset of the employee's employment. At each meeting, the manager should aim to:
  - highlight areas where the employee is doing well;
  - explain clearly and in precise terms any areas in which the employee is falling below the required levels;
  - explore the possible reasons for any failure to meet the required standards;
  - discuss and agree whether or not any specific training or coaching is required;
  - discuss any other relevant matters such as timekeeping, attendance, general conduct or attitude;
  - invite the employee to comment on issues such as the extent to which he or she has integrated into the team/service and how well he or she is getting on with colleagues; and
  - give the employee an opportunity to ask questions or raise concerns about any aspect of his or her employment.

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#### Formal Assessment Reviews

- 2.4 Whilst these regular progress meetings will be held during the probation period, formal assessment reviews should be held at the following intervals:
- Formal 4 week review
  - Formal 12 week review
  - Formal 24 week review (final assessment review unless extension of probation is needed)
- 2.5 During these formal assessment meetings the line manager should discuss with the employee their performance against the standards expected, identify additional support and learning and development needed and plan for the next review meeting. The probation assessment forms at Appendix 1 should be used to record this discussion and a copy given to the employee.

#### Area of Improvement Identified

- 2.6 If there are areas of improvement identified, the probation performance improvement plan at Appendix 2 should be completed by the line manager, in discussion with the employee, and a copy given to the employee. This should indicate what should be done, by whom, how and in what timescale so that the employee will be aware of what is expected of him or her by the time of the next review. These forms should be discussed at each subsequent review meeting.

#### Sickness during Probationary period

- 2.7 Employees are required to comply with the reporting sickness absence procedure during the probationary period, detailed with Managing Attendance Policy & Procedure. Sickness absence records are maintained by the Human Resources department and will be provided to the line manager.
- 2.8 Employees may be dismissed due to unacceptable levels of absence due to sickness during the probationary period. Where an employee exceeds the Council's set Key Performance Indicator target for sickness during their probationary period, a meeting will be held to discuss options which may include extension of probation or dismissal.
- 2.9 Whilst the Managing Attendance Policy & Procedure does not apply to employees who are in their probationary period, (as the issue of attendance will be addressed within the probation monitoring period), probationers must comply with the notification requirements detailed within it and managers must continue to apply the policy's principles of good attendance management

#### Early Dismissal during Probationary Period (prior to 24 week assessment meeting)

- 2.10 It is the Council's policy to allow the employee to complete the designated period of probation rather than terminating employment before the probation has come to an end. This is to give the employee a full opportunity to come up to the required standards. However, if there is clear evidence, before the 24 week assessment meeting, that suggests the employee is unsuitable for the role, and appropriate support has been provided to the employee to meet the required standard, the line manager should consult Human Resources. One of the options will be early dismissal before the 24 week assessment meeting.

## **Maldon District Council**

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- 2.11 A meeting will be arranged with the employee. The line manager will chair this meeting.
- 2.12 The purpose of this meeting is to review the employee's performance and come to a decision about their continuing employment.
- 2.13 The employee has the right to be accompanied by a recognised trade union representative or a work colleague where appropriate. Human Resources will also attend this meeting. Five working days' notice of this meeting should be given to the employee if possible however for serious offences within the first two months the meeting could take place immediately.
- 2.14 Employment may be terminated at any stage during the probationary period, on the employee giving or receiving one months' notice in line with the Terms and Conditions of Employment.

#### **Irregularities discovered during the Probationary Period**

- 2.15 If, during an employee's probation, it is suspected or established that the employee does not have the qualifications, experience or knowledge that he/she claimed to have at the time of recruitment, the matter will be discussed with the employee to establish the facts. If the evidence suggests that the employee misrepresented his/her abilities in any way, a meeting will be held with the line manager. The employee will have the right to be accompanied by a recognised trade union representative or work colleague and Human Resources will also be in attendance. The outcome of this meeting may be that the Council will terminate the employment with immediate effect (giving one week's pay in lieu of notice or their notice period as determined by the line manager. The employee will have the right to appeal against this dismissal in writing.
- 2.16 If the employee is an existing employee who has been transferred or promoted into a different role, the Council's Managing Capability and Under Performance Policy must be followed in full.

#### **Formal 24 Week Review – Final Assessment Review**

- 2.17 At the end of the probationary period, the manager should conduct a "final progress review" of the employee's performance and suitability for the job.
- 2.18 It is extremely important that the final review meeting is held on or before the end of the agreed probationary period. If the meeting does not take place by this date, technically the employee's appointment will be confirmed by default.
- 2.19 The final review will allow both the line manager and the employee to:
  - identify and discuss any areas in which the employee requires further training or development;
  - discuss standards achieved;
  - check how the employee feels about his or her employment in general; and
  - explain how performance will be managed in the future.

## **Maldon District Council Probation policy and procedure**

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### **Satisfactory Completion of Probation**

- 2.20 If the employee's performance is satisfactory, the line manager should complete the probation 24 week/final assessment review form and the manager and employee should sign the form and return to Human Resources who will issue a letter of confirmation of appointment to the employee.

### **Unsatisfactory Completion of Probation**

- 2.21 If the employee's performance has not been to the standard required, the line manager should discuss the matter with Human Resources in the first instance.

### **Extension of Probationary Period**

- 2.22 It may be appropriate to extend the employee's probation period and this will be at the Council's discretion. This will be limited to one extension and the total period of extended probation will usually be no longer than three months.
- 2.23 An extension may be implemented in circumstances where the employee's performance during probation has not been entirely satisfactory but it is thought likely that an extension to the probationary period may lead to an improvement, or where the employee or line manager, for example, has been absent from the workplace for an extended period during probation.
- 2.24 Before extending an employee's probationary period, the line manager will consult with Human Resources. If an extension to the probationary period is agreed, the Council will confirm the terms of the extension in writing to the employee, including:
- the length of the extension and the date on which the extended period of probation will end;
  - the reason for the extension and, if the reason is unsatisfactory performance, details of how and why performance has fallen short of the required standards;
  - the performance standards or objectives that the employee is required to achieve by the end of the extended period of probation;
  - any support, for example further training, that will be provided during the extended period of probation; and
  - a statement that, if the employee does not meet fully the required standards by the end of the extended period of probation, his/her employment will be terminated.
- 2.25 If the employee has not fully met the required standards by the end of the extended probationary period, his/her employment will be terminated in accordance with the procedure below.

### **Ending Employment in the Probationary Period**

- 2.26 If following the completion of the probation assessment, an employee's performance continues to be unsatisfactory, and either an extension of probation is not appropriate, or an extension of probation has been given and performance standards are still unsatisfactory, it may be necessary to terminate employment.

## **Maldon District Council Probation policy and procedure**

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- 2.27 If during the probationary period serious issues are brought to the attention of the line manager it may be appropriate to terminate the employment with immediate effect.
- 2.28 Before a dismissal can take place the line manager needs to get agreement with a Group Manager.
- 2.29 A meeting will be arranged with the employee. The line manager will chair this meeting.
- 2.30 The purpose of this meeting is to review the employee's performance during the probation period and come to a decision about their continuing employment.
- 2.31 The employee has the right to be accompanied by a recognised trade union representative or a work colleague. Human Resources will also attend this meeting. Five working days' notice of this meeting should be given to the employee.
- 2.32 Where the employee is dismissed, the period of notice to be served during the probationary period is one months' notice.

### **Appeals**

- 2.33 The Council's Disciplinary Procedures and Appeal arrangements do not apply during the probationary period.

### **Existing employees**

- 2.34 Employees that have already completed six months satisfactory probation with the Council are exempt from this policy. The Manager will in this instance follow the direction of the Performance Management Framework setting SMART objectives, identifying competencies and holding Performance Conversations with the employee, in line with the new position held by the employee for a period of six months.
- 2.35 Where the employee is failing to meet the objectives set, advice should be sought from Human Resources. Like the probation procedure, the Council would expect that satisfactory completion of a clear Performance Conversation, agreed with the employee at the outset is completed within the six month period and provided to Human Resources as evidence of this. Managers failing to comply with this could result in disciplinary action being taken against them.
- 2.36 Should the employee not meet with the expectations of the position, the Improving Performance Policy and Procedure will be followed.

## **3 More Information**

- 3.1 For more information please contact Human Resources.



## **REPORT of DIRECTOR OF CUSTOMERS AND COMMUNITY**

---

**to  
FINANCE AND CORPORATE SERVICES COMMITTEE  
26 SEPTEMBER 2017**

### **PROMENADE PARK, MALDON - INCOME SHARE FOR THE MALDON MUD RACE**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To consider a request from the Maldon Mud Race Ltd for increasing the income share time allocation for the parking charges for Promenade Park, Maldon during the Maldon Mud Race 2017.

#### **2. RECOMMENDATIONS**

- (i) That the comments from the Community Services Committee on the 29 August relating to this matter be noted;
- (ii) That car parking income received from 11.30 am until 5.30 pm on 07 May 2017, for the Maldon Mud Race 2017, in the sum of £2,956.30, be shared on a 50:50 basis with the Maldon Mud Race Ltd.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The Maldon Mud Race Ltd held the Maldon Mud Race 2017 in Promenade Park on 7 May 2017.
- 3.2 In 2014, 2015 and 2016 Members agreed to limit the donation from car parking income to coincide with the times of the event and that income be shared on a 50:50 split of the car park fees taken (Minute Nos. 882, 851 and 873 refer).
- 3.3 The Maldon Mud Race Ltd undertook the stewarding of the parking areas from 9.00 am and Council staff were available for enforcement and to help to deal with any problems on the day. Car park machines operated as normal throughout the day.
- 3.4 The 2017 Mud Race started at 4:00 pm. This is a much later time for the race to commence than in other years. The organisers (Maldon Mud Race Ltd) have approached the Council requesting that the income share from car parking from this year's event be for a longer period. They have requested a 50:50 share of income from 11.30 am until 5.30 pm on 7 May 2017, a copy of the request is attached at **APPENDIX 1**. A copy of the Maldon Mud Race Limited current accounts are attached at **APPENDIX 2**. The previous agreement was for two hours before and

after the start time of the mud race which would have meant a donation of £891.30 for this year.

- 3.5 The Mud Race Limited for 2017 increased the activities throughout the day for the public to enjoy with a view to encouraging them to arrive earlier and stay for longer. The 2017 event saw entertainers, singers, food stalls, a duck race and a juvenile fair as part of the event. With the additional entertainment the organisers were hoping that this would result in an increase to the income collected during the event. Officers would like to understand the organiser's future plans and it is therefore suggested that a report is brought back to Members accordingly.
- 3.6 The organisers believe that more people arrived earlier for the race, and parked their vehicles for a longer period of time. If so, the monies will not be included in the calculation of the income they would have received. For example, a customer arriving at 1.00 pm and purchasing a three hours or all day pay and display ticket will not be included in the Council's calculations.
- 3.7 The actual income taken by the machines between 11.30 am and 5.30 pm on Sunday 7 May 2017 was £2,956.30. This would be a donation of £1,478.15.

### 3.8 **Community Services Committee**

- 3.8.1 The Community Services Committee considered the request from Maldon Mud Race Limited at its meeting on 29 August 2017. Following a lengthy debate the Committee resolved that:
- (i) that the Finance and Corporate Services Committee be **recommended** to not change the current policy in respect of the Maldon Mud Race, that being car parking income received two hours before and after the start of the Maldon Mud Race 2017 is shared on a 50:50 basis with the Maldon Mud Race Ltd and reviewed on an annual basis;
  - (ii) that Officers report back to this Committee on the future arrangements for the Maldon Mud Race.

## 4. **CONCLUSIONS**

- 4.1 The agreement to share the Car Park income between the Council and the Maldon Mud Race Ltd has been in place for a number of years now. The Finance and Corporate Services Committee on 14 June 2016 considered arrangements for the sharing of car park income for the Maldon Mud Race in 2016 and 2017 and resolved (Minute No. 183 refers) that:
- (i) *car parking income received on the day of the Maldon Mud Race 2016 between the times of 10:00am and 2:00pm be shared on a 50:50 basis with the Maldon Mud Race Ltd;*
  - (ii) *the car parking income received two hours before and after the start of the Maldon Mud Race in 2017, is shared on a 50:50 basis with the Maldon Mud Race Ltd and reviewed on an annual basis.*



- 4.2 As the 2017 Mud Race commenced at 4.00 pm, Officers would agree that some people would arrive earlier in the day to see the Mud Race and use the other entertainments provided by the organisers, (e.g. duck race and funfair). To help facilitate, the stewarding was in place at an earlier time to help order and maximise the room in the car park. The Mud Race costs have therefore increased, and it would be logical to increase the income share for the 2017 race.

## 5. IMPACT ON CORPORATE GOALS

- 5.1 This activity supports the corporate goals of enabling, supporting and empowering communities to be active, safe and healthy and to be an authority that delivers good quality, cost effective and valued services in a transparent way.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – There is a significant beneficial impact on the town of Maldon during the mud race and, with proper control, any negative impact on Promenade Park, its visitors and on local residents will be kept to a minimum.
- (ii) **Impact on Equalities** – The Maldon Mud Race seeks to attract all visitors and does not seek to disadvantage any visitor to the event. The charitable giving enabled by the event supports a wide range of local charities.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** –The following donations have been made to the Maldon Mud Race Ltd:
- 2016.....£1,725.23.
  - 2015 .....£585.24
  - 2014 .....£1,282.06
- The total income for the proposed six hour income scheme period was £2,956.30. This would equate to a donation on £1,478.15. This figure compares to the £891.30 which was originally agreed, and represents an increased donation of £586.85.
- (v) **Impact on Resources (human)** - Officer time in dealing with such a major event on Council land both in pre-planning work and on the day of the event. This is recharged back to the Maldon Mud Race Limited.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to:

Richard Heard, Leisure, Leisure and Community Services Manager, (Tel 01621 875838).

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121 Washington Road

Maldon  
Essex  
CM9 6AR

10<sup>th</sup> May 2017

Richard Heard  
Maldon District Council  
Princess Road  
Maldon

Dear Richard,

**Maldon Mud Race 7<sup>th</sup> May 2017, Promenade Park Maldon**

I am writing on behalf of the Charity to thank you and your staff for the excellent support you and your staff in supporting the event over the two days of the initial setup day the event and take down.

As you are aware we are concerned with regard to the main promenade park, car parks and the hours laid down in your letter concerning the hours in which the charity would benefit from 50% of the net proceeds on the day of the race, this being two hours before the race and two hours after the race.

The race this year was scheduled for a 16.30pm start which effectively means that we would receive net monies between the hours of 14.30pm and 18.30pm. The charity as in the past provided car park stewards, at its own significant cost, to provide management of the park car parks from 09.30am until 18.00pm this year.

Clearly the car parks will start to fill well before 14.30pm of which the Council would receive full benefit of fees collected. The Charity has in the past, controlled the Car parks and charged each vehicle on entry, however we changed to using the automatic machines which give a print out of the receipts for the day.

We would therefore ask the council to reconsider the four hour limit and ask that the times when the Charity receives the benefit of the charges from 11.30am to 17.30pm this year

Yours sincerely

Brian K Farrington

The Maldon Mud Race Limited is registered in England and Wales No. 07102189. Registered Charity No. 1135532



Winner Pride of Essex Award

2014

Chairman



The Maldon Mud Race Limited is registered in England and Wales No. 07102189. Registered Charity No. 1135532



Winner Pride of Essex Award

2014



**THE MALDON MUD RACE LTD**

**(A company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**CHARITY REGISTRATION NUMBER: 1135532**

**COMPANY REGISTRATION NUMBER: 07102189**

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**THE MALDON MUD RACE LIMITED****LEGAL AND ADMINISTRATIVE DETAILS**30 SEPTEMBER 2016

---

**Charity registration number:** 1135532

**Company registration number:** 07102189

**Principal address:** 27 Hurst Green  
Brightlingsea  
Essex CO7 0HA

**Registered office address:** 27 Hurst Green  
Brightlingsea  
Essex CO7 0HA

**Trustees:** Brian Farrington  
Ian Weller  
Colin McIntosh  
Roy Hemsworth  
David Rayner  
Emma Harris  
Sarah Weller  
Lee Taylor

**Directors:** Brian Farrington  
Ian Weller  
Colin McIntosh  
Roy Hemsworth  
David Rayner  
Emma Harris  
Sarah Weller  
Lee Taylor

The charity's professional advisers are as follows:

**Bankers:**

Barclays Bank plc  
9 High Street  
Colchester  
CO1 1DA

**THE MALDON MUD RACE LIMITED****REPORT OF THE TRUSTEES****FOR THE YEAR ENDED 30 SEPTEMBER 2016**

---

The trustees submit their annual report and the unaudited financial statements for the year ended 30 September 2016. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 in preparing the annual report and financial statements of the charity.

The charity is a charitable company limited by guarantee and was set up 11 December 2009. It is governed by a memorandum and articles of association. Its objects are to further such charitable purposes as the Trustees may determine, in particular by the provision of grants to other Charities.

**Structure, governance and management**

The Maldon Mud Race Limited is an incorporated charity and a company limited by guarantee. The policy of the charitable company is directed by the Trustees themselves. There are nine honorary officers who are regarded as trustees of The Maldon Mud Race Limited as they are responsible for the management of the charitable company.

The Trustees are also regarded as the directors of the charitable company ("the charity") for the purposes of company law and also its trustees for purposes of charity law. The trustees' report clarifies that it is a directors' report required by Section 417 of the Companies Act 2006 and that all trustees are directors.

The trustees are elected annually at the Annual General Meeting and those who served during the financial period ended 30 September 2016 are listed on the attached schedule of Legal and Administrative Information. Each trustee's role on the Board would be reviewed at least every 3 years.

The board of trustees meet monthly in order to meet their responsibilities, and administer the charity. There is a management team with two members, who monitor the day to day activities, administration and finance of the

**Objectives and activities**

The objects for which the company is established is to further such charitable purposes as the Trustees may determine, in particular by the provision of grants to other charities.

To achieve the objectives of the charity a yearly race across the river Blackwater is held when it is at its lowest tide during Spring each year. This takes place from the quay at Maldon Promenade. Competitors who enter raise sponsorship for the nominated charities of the Maldon Mud Race and can have 50% of their sponsorship raised donated to a registered charity of their choice. Other events are being considered.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The charity has complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

**Achievements and performance**

The state of the company's affairs and the results for the period are shown in the attached accounts.



**THE MALDON MUD RACE LIMITED****TRUSTEES' ANNUAL REPORT****FOR THE YEAR ENDED 30 SEPTEMBER 2016**

---

**Investment policy and returns**

The charitable company has the power to invest money not immediately required for its objectives in or upon such investments, securities or property as the association may think fit, subject to such conditions imposed by law.

**Financial review**

The trustees monitor the progress of activities at each monthly meeting and a comprehensive review is carried out annually. Unrestricted funds are needed:

- to provide funds which can be designated to specific projects to enable these projects to be undertaken at short notice

- to cover administration and support costs without which the charity could not function

The trustees consider it prudent that unrestricted reserves should be sufficient:

- to avoid the necessity of realising fixed assets held for the charity's use

- to cover one year's administration and support costs

- to provide financial flexibility over the course of forthcoming challenges

**Reserves policy**

The trustees have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be sufficient to fund the initial pre-race expenditure. The present level of reserves is considered sufficient for this purpose.

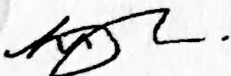
The Trustees have established a designated special project fund separate from the general fund. The purpose of this fund is to provide funding for future one off special projects that may be identified from time to time that the trustees feel are worthy of a significant separate donation. It is the intention of the Trustees to build this fund and to maintain it to a level of £30,000. Funds will be added each year as the Trustees see fit to reach the desired level, without prejudicing current levels of annual donations to charities.

The trustees carry out an annual review of the risks which the charitable company may face and set out the procedures to minimise any potential impact on the charitable company should any of the risks materialise.

**Charitable Donations**

The company made charitable donations during the year to a total sum of £16,734.

Signed on behalf of the trustees



---

**Lee Taylor**

Date: 28 January 2017

## INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE MALDON MUD RACE LIMITED

---

We report on the accounts for the year ended 30 September 2016 set out on pages 6 to 9

### Respective responsibilities of directors and reporting accountants

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this period under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

Having satisfied ourselves that the charity is not subject to an audit under company law and is eligible for independent examination, it is our responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission (under section 43(7)(b) of the Act, as amended); and
- state whether particular matters have come to our attention.

### Basis of independent examiner's statement

Our examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

### Independent examiner's statement

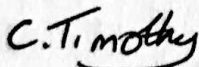
In connection with our examination, no matter has come to our attention:

which gives us reasonable cause to believe that, in any material respect, the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

to which, in our opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Cameron Timothy  
174 Burrs Road  
Clacton on Sea  
Essex, CO15 4LH

Date: 28 January 2017



## THE MALDON MUD RACE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
30 SEPTEMBER 2016

	Designated Funds	Unrestricted Funds	Year 2016	Year 1905
	£	£	£	£
<b>Incoming Resources</b>				
Incoming resources from generated funds:				
<b>Activities for generating funds:</b>				
Corporate Sponsorship	2,000	10,430	12,430	12,875
Competitors Donations	737	22,447	23,184	27,026
Gift Aid Received	-	4,281	4,281	5,241
Race Entry Fees	10,151	14,850	25,001	23,519
Events Income	-	4,498	4,498	1,897
Stalls	-	2,800	2,800	1,125
Merchandise and concessions	-	126	126	273
Trailer Hire	-	1,070	1,070	515
<b>Total incoming resources</b>	<b>12,888</b>	<b>60,502</b>	<b>73,390</b>	<b>72,471</b>
<b>Resources expended</b>				
Cost of generating funds:				
Direct charity expenditure:				
Sound and vision costs	775	13,390	14,165	14,580
Events security costs	802	5,064	5,866	6,950
Competitors race pack	3,584	3,708	7,292	6,128
Merchandise	-	986	986	1,171
Prizes	-	472	472	528
Signage and equipment hire costs	-	900	900	882
Events sundry costs	4,976	6,133	11,109	5,483
Insurance	-	2,229	2,229	1,868
Presentation	450	726	1,176	900
Games & golf day	-	-	-	1,218
MyDonate charges	-	234	234	252
Paypal charges	-	272	272	272
Stripe charges	234	216	450	145
Depreciation	-	2,553	2,553	2,396
Governance costs:				
Website expenses	720	569	1,289	1,994
Bad debts written off	-	2,000	2,000	-
Printing, postage and stationery	251	725	976	1,197
Sundry expenses	-	98	98	417
Director's insurance	-	239	239	239
	<b>11,792</b>	<b>40,514</b>	<b>52,306</b>	<b>46,620</b>
Charitable activities				
Donations to institutions	80	16,654	16,734	22,386
<b>Total resources expended</b>	<b>11,872</b>	<b>57,168</b>	<b>69,040</b>	<b>69,006</b>
<b>Net movement on funds</b>	<b>1,016</b>	<b>3,334</b>	<b>4,350</b>	<b>3,465</b>
Transfers between funds	-	-	-	-
<b>Net incoming resources (resources expended)</b>	<b>1,016</b>	<b>3,334</b>	<b>4,350</b>	<b>3,465</b>
<b>Funds at 01 October 2015</b>	<b>16,552</b>	<b>9,317</b>	<b>25,869</b>	<b>22,404</b>
<b>Funds at 30 September 2016</b>	<b>17,568</b>	<b>12,651</b>	<b>30,219</b>	<b>25,869</b>

Unrestricted funds represents the free funds of the charity which are not designated for particular purposes.

The Special Projects Fund has been designated by the trustees to provide funding for special projects that may arise in the future.

## THE MALDON MUD RACE LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
<b>Tangible fixed assets</b>	3	769	2,696
<b>Current assets</b>			
Stock	4	3,382	3,040
Trade debtors, prepaid expenses and accrued income		1,417	1,580
Cash at bank and in hand		49,211	53,368
		54,010	57,988
<b>Current liabilities</b>			
Accrued expenses and prepaid income		(24,560)	(34,815)
<b>Total assets less current liabilities</b>		<b>30,219</b>	<b>25,869</b>
<b>Funds</b>			
Unrestricted funds - General		12,651	9,317
Designated funds - Xmas Fayre		-	80
Designated funds - Half Marathon		1,568	472
Designated funds - Special Projects		16,000	16,000
<b>Total funds</b>		<b>30,219</b>	<b>25,869</b>

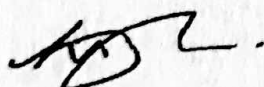
For the financial year ended 30 September 2016 the company was entitled to exemption from audit under the provisions of sections 475 and 477 of the Companies Act 2006.

No member or members eligible has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- complying with the requirements of the Companies Act 2006 with respect to accounting records; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its surplus or deficit for the period in accordance with the requirements of section 394 and 395 of the Companies Act 2006 and which otherwise comply with the requirements of that Act relating to financial statements so far as they are applicable to the company.

Approved by the Board of Trustees and signed on its behalf by:



Lee Taylor  
Trustee

Date: 28 January 2017

Company registration number : 07102189

Charity registration number: 1135532



## THE MALDON MUD RACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

**1 Accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements.

**1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention and are in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Company Act 2006 and in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities published in 2005 and applicable accounting standards.

**1.2 Company status**

The Charity is a company limited by guarantee. The members of the company are the trustees named in page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**1.3 Incoming resources*****Incoming resources from operating activities***

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it.

***Donations***

Income from donations are included in incoming resources when it is received.

***Investment Income***

Investment income is recognised in the accounts when it is received.

**1.4 Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, including VAT. Certain expenditures are directly attributable to charitable activities and have been included in Direct Charitable expenditure.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

**1.5 Stock**

value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

**1.6 Taxation**

The company is a charity within the meaning of the Charities Act 2011 and as such is a charity within the meaning of part 11, Corporation Tax Act 2010. According the company is potentially exempt from taxation in respect of income or gains received with categories covered by Part11, Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to its charitable purpose.

## THE MALDON MUD RACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2016

**1.7 Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £1,000 are capitalised at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Motor vehicles	over 4 years
Equipment	over 3 years

Impairment reviews are carried out as and when evidence comes to light that the recoverable amount of a functional fixed asset is below its net book value due to damage, obsolescence or other relevant factors.

**1.8 Fund accounting**

Funds held by the charity are either:

**Unrestricted general funds** - these are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

**Designated funds** - these are funds that comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Restricted funds** - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Investment income and gains are allocated to the appropriate fund.

**2 Trustee directors and employees**

The trustees neither received nor waived any emoluments during the year, and were not paid or reimbursed for expenses during the current year.

**3 Tangible fixed assets**

	Vehicles & Equipment £
<b>Cost</b>	
At 01 October 2015	13,598
Additions	626
<b>At 30 September 2016</b>	<b>14,224</b>
<b>Depreciation</b>	
At 01 October 2015	10,902
Charge for the year	2,553
<b>At 30 September 2016</b>	<b>13,455</b>
<b>Net book value</b>	
At 30 September 2016	769
At 30 September 2015	2,696



## THE MALDON MUD RACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2016

**4 Stock**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Goods and other assets purchased for resale	2,814	2,418
Consumable stores	568	622
	<b><u>3,382</u></b>	<b><u>3,040</u></b>

**5 Legal Status**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1. For this purpose 'members' includes persons who ceased to be members within one year of such winding up.

	<b>2016</b>	<b>2015</b>
Members at the financial year end.	<b><u>8</u></b>	<b><u>8</u></b>

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## **REPORT of DIRECTOR OF RESOURCES**

---

**to  
FINANCE AND CORPORATE SERVICES COMMITTEE  
26 SEPTEMBER 2017**

### **SUPPLEMENTARY ESTIMATE – PROJECT 180**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To request a supplementary estimate of £9,500 to complete work to the recently formed St Cedds car park.

#### **2. RECOMMENDATION**

That the supplementary estimate be approved.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The total amount spent on this project is £361,200, against an approved budget of £360,000. Project 180 comprised three main elements, which were to adapt and alter the Council offices to allow staff to relocate within the building. This work included removal of internal walls, installing smaller workstations and IT networking; the demolition of St Cedds House, with the relocation of its tenants into the Council offices; the final part was the formation of the car park.
- 3.2 Members are reminded that two supplementary estimates were approved, of £39,000 (Council 15 December 2016) and £11,000 (Finance and Corporate Services Committee 7 March 2017), to meet the £50,000 shortfall in the projects budget.
- 3.3 Car park surfacing, drainage and kerbs elements were completed in December 2016, with the car park being brought into use at that time.
- 3.4 The car park will remain unlit during the winter month evenings, but Members are reminded that parking charges apply for the Princes Road car park at certain times. The provision of illuminating car parks follows best practice, and accords with the Pass Mark Safer Parking scheme, which is supported by the Association of Chief Police Officers.
- 3.5 External lighting to the newly formed car park was included on the application to demolish St Cedds House and form a car park. However, this element of the application was refused following concerns raised about light pollution. A subsequent application, FUL/MAL/16/01513, was approved in March 2017 following re-submission of the external lighting only, and included supplementary supporting evidence allaying previous concerns.

- 3.6 Officers have sought estimates from suppliers and contractors to install the external lighting columns, safety barriers and road marking elements of work. These estimates total £9,500, and it is proposed that the work will be let and managed directly by Officers.
- 3.7 Road markings include painting the changes in level, and re-marking the former bus parking bays to standard parking bays. This could potentially bring income during charging periods, from these additional eight parking bays.
- 3.8 The car park surfacing will not be disturbed as ducts for electrical cables feeding the lighting columns will be laid around the landscaped perimeter of the car park.

#### **4. CONCLUSION**

- 4.1 That approval of this supplementary estimate will complete Project 180.

#### **5. IMPACT ON CORPORATE GOALS**

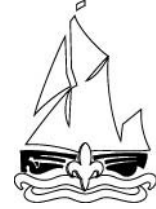
- 5.1 The adherence to the Financial Regulations and Financial Procedures contributes towards the corporate goal of ‘Delivering good quality, cost effective and valuable services’.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – One of our tenants, Essex Police, has designated parking within the car park, and requires 24-hour use of this area. Documents submitted and approved through the planning application indicate that no detrimental impact will be felt by neighbouring properties.
- (ii) **Impact on Equalities** – Lighting the parking area will assist those with visual or mobility impairments, ensuring any changes in surface levels are lit.
- (iii) **Impact on Risk** – Lack of lighting in the winter will present a health and safety concern to this area of the car park.
- (iv) **Impact on Resources (financial)** – The one-off cost of the installation work will be £9,500. Quotations will be sought for the individual elements of work, in line with the Council’s contract procedure rules.
- (v) **Impact on Resources (human)** – None identified.
- (vi) **Impact on the Environment** – None identified through the submitted planning documents.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).



## **REPORT of DIRECTOR OF RESOURCES**

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**to  
FINANCE AND CORPORATE SERVICES COMMITTEE  
26 SEPTEMBER 2017**

### **ANNUAL REVIEW OF FINANCIAL REGULATIONS**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To consider and recommend to Council revisions to the Financial Regulations as part of the regular annual review.

#### **2. RECOMMENDATIONS**

To the Council:

That the Financial Regulations as attached at **APPENDIX 1** be approved.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The amended Financial Regulations document is attached as **APPENDIX 1**.
- 3.2 The Financial Regulations have remained broadly the same with changes to reflect organisational terminology, and aid clarity in certain areas. A summary of changes has been recorded on page 2 of the regulations, two main changes are:
- Appendix I to the report has been added to give the delegation for key officers in case of absence.
  - The threshold for recording an item on the inventory register has been decreased to £500 reflecting a review following an Internal Audit recommendation.

#### **4. CONCLUSION**

- 4.1 It is important that the Council's rules and regulations are regularly reviewed and kept up to date and the changes encompass amendments that were necessary to achieve this.

## 5. IMPACT ON CORPORATE GOALS

- 5.1 This review supports the goal of delivering good quality, cost effective and valued services in a transparent way.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – Up to date policies minimise the risk of internal control failures through inconsistency of documentation.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762)  
Carrie Cox, Finance Manager, (Tel: 01621 875799).



# ***MALDON DISTRICT COUNCIL***

## ***Financial Regulations and Financial Procedures***

***Updated September 2017***

**Changes log**

<b>Committee version</b>	<b>Change</b>
September 2017	Replaced Standing Committee with Programme Committee throughout document.
September 2017	Section 2 - 3.2 and Appendix A – 2.1.1.1 amended Programme Committees to Finance & Corporate Services Committee.
September 2017	Appendices A- I Formatting of Appendix numbering to aid clarity
September 2017	Appendix A – 5.3.1 Amend reference to presents a true and fair view of the statements as opposed to presents fairly
September 2017	Appendix B – 2.6.1 Established that Service budget managers are only attributed to directly controllable budget codes.
September 2017	Appendix B – 2.6.5 Include DoR responsibility to approve fees and charges where budgeted income is less than £2,000. (Already in the yearbook, but including here to)
September 2017	Appendix D – 3.5.11 removed the “in any case, not later than 15 April”
September 2017	Appendix F – F1.3, removed communication via Mambers bulletin and inserted via email.
September 2017	Appendix F – F.1.8Inventories – Reduced the inventory limit to £500 to encompass lower cost desirable items and updated to reflect IT record all assets.
September 2017	Appendix G – G.5. Expanded DoR authorisation for opening banks to show investment/financial instruments
September 2017	Appendix G – G.7 amended so that the DofR “ensures” the safe keeping of cheques
September 2017	Appendix H, removed electronic from orders over £50,000.
September 2017	Appendix I - Expansion on delegation – incl a new appendices for one off delegations

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# 1. Status of Financial Regulations

- 1.1. Financial regulations provide the framework for managing the Council's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 1.2. The regulations identify the financial responsibilities of the Council, the Committees, the Chief Executive, the Director of Resources, the Monitoring Officer, and other Directors. Directors should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the Director in the regulations should be read as referring to them. Actions may also be delegated, and again delegation should be documented, however the responsibility to ensure that these actions are happening remains with the person specified in these regulations. (Appendix I)
- 1.3. All Council Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.4. The Director of Resources is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Council for approval. The Director of Resources is also responsible for reporting, where appropriate, breaches of the financial regulations to the Finance & Corporate Services Committee. Any non-compliance with the Regulations must be reported to the Director of Resources. Anyone wishing to act outside the provisions of these regulations, in a specific instance, must seek the prior written approval of the Director of Resources.
- 1.5. The Council's detailed financial procedures, setting out how the regulations will be implemented, are contained in the appendices to the financial regulations.
- 1.6. The Director of Resources is responsible for ensuring that all staff are aware of the existence and content of the Council's financial regulations and other internal regulatory documents and that they comply with them.
- 1.7. The Director of Resources is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the Council are required to follow. Notes and guidance may expand upon, but not contradict the Regulations. Any consultation required under these Regulations must allow sufficient time for a proper consideration of any issues.
- 1.8. All financial and accounting procedures must be carried out in accordance with the Regulations.

## **2. FINANCIAL REGULATIONS**

### **a) Financial Management**

#### **1. INTRODUCTION**

- 1.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

#### **2. THE COUNCIL**

- 2.1 The Council is responsible for adopting the corporate governance arrangements (Standing orders and Terms of Reference), for approving the annual budget and the policy framework within which the Committees operate. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in its corporate governance arrangements. The Council is also responsible for monitoring compliance with the agreed policy and related Committee decisions.
- 2.2 The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its Committees.

#### **3. THE COMMITTEES**

- 3.1 The Finance & Corporate Services Committee is responsible for proposing the annual budget to the Council, and for discharging its own functions in accordance with that budget and framework.
- 3.2 Once approved, the Finance & Corporate Services committee is responsible for the administration of the budget for the services set out in its Terms of Reference.
- 3.3 Committee decisions can be delegated to an officer or a sub-committee.
- 3.4 The Committees are responsible for establishing protocols to ensure that decisions take account of legal and financial liabilities and risk management issues that may arise from the decision.
- 3.5 The Overview and Scrutiny Committee along with its major role in reviewing Best Value, has power to scrutinise decisions made, or action taken, in respect of any of the functions of the Council which have financial implications. It also has powers to make recommendations on future financial policy options and for reviewing the general financial policy and service delivery of the Council.
- 3.6 The Standards Committee is established by the Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Members' code of conduct, and for monitoring the operation of the code.

## **4. THE STATUTORY OFFICERS**

### **4.1 Head of Paid Service**

4.1.1 The Chief Executive is the Head of Paid Service and is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the Council, the Programme committees and other Committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions (see below).

4.1.2 The Head of Paid Service is responsible for keeping the Council's corporate governance arrangements up to date.

### **4.2 Monitoring Officer**

4.2.1 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Committees, and for ensuring that procedures for recording and reporting key decisions, as defined in the Constitution, are operating effectively.

4.2.2 The Monitoring Officer must ensure that Committees' decisions and the reasons for them are made public. He/she must also ensure that Council Members are aware of decisions made by Committees and of those made by officers who have delegated responsibility.

4.2.3 The Monitoring Officer is responsible for advising all Members and officers about who has authority to take a particular decision.

4.2.4 The Monitoring Officer is responsible for advising the Committees or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

4.2.5 The Monitoring Officer (together with the Chief Executive) is responsible for advising the Committees or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- a) initiating a new policy;
- b) committing expenditure in future years to above the current budget level;
- c) incurring expenditure where no estimate or an inadequate estimate exists thereby giving rise to the necessity for [supplementary estimates](#) or [virements](#) above approved limits;
- d) causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

### **4.3 Section 151 Officer (Chief Finance Officer)**

4.3.1 The Director of Resources is the Chief Finance Officer and has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- a) Section 151 of the Local Government Act 1972;

- b) The Local Government Finance Act 1988;
- c) The Local Government and Housing Act 1989;
- d) The Accounts and Audit Regulations 2015;
- e) The Localism Act 2011.

4.3.2 The Section 151 Officer (Chief Finance Officer) is responsible for:

- a) the proper administration of the Council's financial affairs;
- b) setting and monitoring compliance with financial management standards;
- c) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- d) providing financial information;
- e) preparing the [revenue budget](#) and [capital programme](#);

Operational responsibility for these matters is assigned to the Director of Resources or Finance Manager (as Deputy S151 Officer for the authority).

4.3.3 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer (Section 151 Officer) to report to the Council, Committees and external auditor if the Council, Committees or one of its officers or members:

- a) has made, or is about to make, a decision which involves incurring unlawful expenditure;
- b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;
- c) is about to make an unlawful entry in the Council's accounts.

**Section 114 of the 1988 Act also requires:**

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

## 5. DIRECTORS

5.1 Directors are responsible for ensuring that Committees are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Resources;

5.2 The Directors and the Head of Paid Service are responsible for signing contracts on behalf of the Council.

5.3 It is the responsibility of Directors and Committees to consult with the Director of Resources and Chief Executive and seek approval on any matter liable to affect the Council's finances, before any commitments are incurred.

**6. OTHER FINANCIAL ACCOUNTABILITIES**

**6.1 Virement**

6.1.1 The Council is responsible for agreeing procedures for revenue and capital virements of expenditure or income between budget headings.

6.1.2 Directors must consult the Director of Resources on all virements, (see [Appendix F](#))

**6.2 Treatment of year-end balances**

6.2.1 The Director of Resources is responsible for agreeing procedures for carrying forward under-spending on budget headings.

**6.3 Accounting policies**

6.3.1 The Director of Resources is responsible for selecting accounting policies and ensuring that they are applied consistently.

**6.4 Accounting records and returns**

6.4.1 The Director of Resources is responsible for determining the accounting procedures and records for the Council.

**6.5 The Annual Statement of Accounts**

6.5.1 The Director of Resources is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting in the United Kingdom and that the annual accounts are published by the deadline set out in the Accounts and Audit Regulations each year. The Audit Committee is responsible for approving the annual Statement of Accounts.

## **b) Financial Planning**

### **1. INTRODUCTION**

- 1.1 The Council is responsible for agreeing the Council's policy framework, in particular the Corporate Plan. It is also responsible for agreeing the budget, the main framework of which will be proposed by the Finance & Corporate Services Committee. In terms of financial planning, the key elements are:

- a) the revenue budget;
- b) the medium term financial strategy (MTFS);
- c) the capital programme.

### **2. POLICY FRAMEWORK**

- 2.1 The policy framework comprises a number of statutory plans and strategies, which are set out in the Councils corporate governance arrangements.
- 2.2 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. The Monitoring Officer or the Chief Executive, as appropriate, should refer decisions to the Council.
- 2.3 The Programme committees are responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

#### **2.4 Preparation of the Corporate Plan**

- 2.4.1 The Chief Executive is responsible for proposing the Corporate Plan to the Council for approval.

### **3. BUDGETING**

#### **3.1 Budget format**

- 3.1.1 The general format of the budget will be approved by the Finance & Corporate Services Committee and the Council on the advice of the Director of Resources. The draft budget should include current approvals updated for inflation and volume changes, proposals for growth and savings, together with the proposed taxation level.

#### **3.2 Budget preparation**

- 3.2.1 The Director of Resources is responsible for ensuring that a revenue budget is prepared on an annual basis and a MTFS at least on a three-yearly basis for consideration by the Finance & Corporate Services Committee, before submission to the Council. The Council may amend the budget before approving it.

#### **3.3 Budget monitoring and control**

- 3.3.1 The Director of Resources is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she must monitor and control expenditure against budget allocations and report to the Finance & Corporate Services Committee on the overall position on a quarterly basis.

- 3.3.2 It is the responsibility of Directors to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Resources. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Resources to any problems.

**3.4 Resource allocation**

- 3.4.1 The Director of Resources is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's strategic and financial planning process.

**3.5 Preparation of the Capital Strategy**

- 3.5.1 The Director of Resources is responsible for ensuring that the Capital Strategy and Capital Programme are prepared on an annual basis for consideration by the Finance & Corporate Services Committee before submission to the Council.

**3.6 Guidelines**

- 3.6.1 Guidelines on budget policies are issued to Directors by the Director of Resources following approval of the Finance & Corporate Services Committee. The guidelines will take account of:
- a) legal requirements;
  - b) medium-term financial strategy;
  - c) the Corporate Plan;
  - d) available resources;
  - e) spending pressures;
  - f) other relevant guidelines issued by government or external audit;
  - g) other internal policy documents;
  - h) cross-cutting issues (where relevant);
  - i) external partnerships.

**4. MAINTENANCE OF RESERVES**

- 4.1 It is the responsibility of the Director of Resources to advise the Finance & Corporate Services Committee on prudent levels of reserves for the Council.

## **c) Risk Management and Control of Resources**

### **1. INTRODUCTION**

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

### **2. RISK MANAGEMENT**

- 2.1 The Finance & Corporate Services Committees is responsible for approving the Council's Risk Management Policy. The Audit Committee is responsible for reviewing the effectiveness of risk management. The Finance & Corporate Services Committee is responsible for ensuring that proper insurance exists where appropriate.
- 2.2 The Director of Resources is responsible for preparing the Council's Risk Management Policy and for promoting it throughout the Council and is responsible for advising the Committees on proper insurance cover where appropriate.

### **3. INTERNAL CONTROL**

- 3.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 3.2 The Director of Resources is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, effectively and in accordance with the statutory and other authorities that govern their use.
- 3.3 It is the responsibility of Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

### **4. AUDIT REQUIREMENTS**

- 4.1 The Accounts and Audit Regulations require every local Council to maintain an adequate and effective internal audit.
- 4.2 The Secretary of State for Communities and Local Government, via the Local Government Association has delegated the appointment of external auditors to each local authority to a body called Public Sector Audit Appointments Ltd (PSAA). The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by the Local Audit and Accountability Act 2014.
- 4.3 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, which have statutory rights of access.

### **5. PREVENTING FRAUD AND CORRUPTION**

- 5.1 The Director of Planning and Regulatory Services and Director of Resources are responsible for the development and maintenance of an Anti-Fraud and Anti-Corruption Policy respectively.



**6. ASSETS**

- 6.1 Directors should ensure that records of the Council's assets in excess of the limit set out in section 1.7 of **Appendix F** are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place. The Director of Resources should ensure that all assets above the specified value are properly recorded in the asset register.

**7. TREASURY MANAGEMENT**

- 7.1 The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 7.2 The Finance & Corporate Services Committee is responsible for approving the treasury management policy and Treasury Management Practices (TMP's) setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in Local Authorities. The Director of Resources has delegated responsibility for implementing and monitoring the TMP's.
- 7.3 All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Director of Resources.
- 7.4 Subject to the Council setting the overall borrowing limits in accordance with the Prudential Code, the day to day decisions on borrowing, investment or financing shall be delegated to the Director of Resources, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

**8. STAFFING**

- 8.1 The Chief Executive is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.
- 8.2 Directors, in consultation with the Director of Resources, are responsible for controlling total staff numbers by:
- a) advising the Council on the budget necessary in any given year to cover estimated staffing levels;
  - b) adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs;
  - c) the proper use of appointment procedures.

**d) Systems and Procedures**

**1. INTRODUCTION**

- 1.1 Sound systems and procedures are essential to an effective framework of accountability and control.

**2. GENERAL**

- 2.1 The Director of Resources is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. The Director of Resources must determine any changes proposed by Directors to the existing financial systems or the establishment of new systems. However, Directors are responsible for the proper operation of financial processes in their own services.
- 2.2 Any changes to agreed procedures by Directors to meet their own specific service needs should be agreed with the Director of Resources.
- 2.3 The Director of Resources should ensure that all staff receive relevant financial training.
- 2.4 Directors must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. Directors must ensure that staff are aware of their responsibilities under freedom of information legislation.

**3. INCOME AND EXPENDITURE**

- 3.1 It is the responsibility of Directors to ensure that a proper scheme of delegation has been established within their area and that it is operating effectively. The scheme of delegation should identify in writing staff authorised to act on the Directors' behalf, or on behalf of the Council, in respect of payments, income collection and placing orders, together with the limits of their authority. The Finance & Corporate Services Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

**4. PAYMENTS TO EMPLOYEES AND MEMBERS**

- 4.1 The Director of Resources is responsible for all payments of salaries and allowances to all staff, including payments for overtime, and for payment of allowances to Members.

**5. TAXATION**

- 5.1 The Director of Resources is responsible for advising Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 5.2 The Director of Resources is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

**6. TRADING ACCOUNTS**

- 6.1 It is the responsibility of the Director of Resources to advise on the establishment and operation of trading accounts.

**e) External Arrangements**

**1. INTRODUCTION**

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

**2. PARTNERSHIPS**

- 2.1 The Programme committees are responsible for approving delegations, including frameworks for partnerships. The Programme committees are the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 2.2 The Programme committees can delegate functions, including those relating to partnerships, to officers. These are set out in the scheme of delegation that forms part of the Council's corporate governance arrangements. Where functions are delegated, the Programme committees remain accountable for them to the Council.
- 2.3 The Director of Resources is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 2.4 The Director of Resources, in consultation with the Council's designated legal advisor, must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are robust and comply with best practices. He/she must also consider the overall corporate governance arrangements and in consultation with the designated legal advisor, legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 2.5 Programme committees are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

**3. EXTERNAL FUNDING**

- 3.1 The Director of Resources is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

## **A. FINANCIAL MANAGEMENT PROCEDURES**

### **A.1. FINANCIAL MANAGEMENT STANDARDS**

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

- 1.1.1 All staff 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.

#### **A.1.2 Key controls**

- 1.2.1 The key controls and control objectives for financial management standards are
- (a) their promotion throughout the Council;
  - (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Finance & Corporate Services and/or Overview & Scrutiny Committees.

#### **A.1.3 Responsibilities of the Director of Resources**

- 1.3.1 To ensure the proper administration of the financial affairs of the Council.
- 1.3.2 To set the financial management standards and to monitor compliance with them.
- 1.3.3 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 Council.
- 1.3.4 To advise on the key strategic controls necessary to secure sound financial management.
- 1.3.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

#### **A.1.4 Responsibilities of Directors**

- 1.4.1 To promote the financial management standards set by the Director of Resources in their service and to monitor adherence to the standards and practices.
- 1.4.2 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

### **A.2. MANAGING EXPENDITURE**

#### **2.1 Scheme of Virement**

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

- 2.1.1.1 The scheme of virement is intended to enable the Finance & Corporate Services committee, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

**A.2.2 Key controls**

2.2.1 Key controls for the scheme of virement are:

- (a) it is administered by the Director of Resources within guidelines set by the Council. Any variation from this scheme requires the approval of the Council;
- (b) the overall budget is proposed by the Finance & Corporate Services Committee and approved by the Council. Directors and budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement (i.e. switching resources between approved budget headings of expenditure or income). For the purposes of this scheme, a budget heading is considered to be a line in the Budget Summary of the Budget Book;
- (c) virement does not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors must plan to fund such commitments from within their own budgets.

**A.2.3 Responsibilities of the Director of Resources**

- 2.3.1 To prepare jointly with the Directors, a report to the Finance & Corporate Services Committee where revenue and capital virements, between different budget headings, in excess of specified financial limits, are proposed (see **Appendix F**).

**A.2.4 Responsibilities of Directors**

- 2.4.1 A Director, in consultation with the Director of Resources may exercise virement within the same budget head under his/her control for any amount. Virements between different budget heads must be reported to the Finance & Corporate Services Committee. The authorisation limits are set out in **Appendix F**.
- 2.4.2 Amounts that require the approval of the Finance & Corporate Services Committee must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years.
- 2.4.3 Virement that is likely to impact on the level of service activity of another Director should be implemented only after agreement with the relevant Director.
- 2.4.4 No virement relating to a specific financial year should be made after 31 March in that year.
- 2.4.5 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- a) the amount is used in accordance with the purposes for which it has been established;
  - b) the Finance & Corporate Services Committee has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Finance & Corporate Services Committee.
- 2.4.6 Virements are not permitted in relation to asset charges or other budget headings which are outside the control of the Directors or where a proposal would adversely affect long term revenue commitments.

**A.3. ACCOUNTING POLICIES**

**A.3.1 Why is this important?**

- 3.1.1 The Director of Resources is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the format required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for each financial year ending 31 March.

**A.3.2 Key controls**

- 3.2.1 The key controls for accounting policies are:
- a) systems of internal control are in place which 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 Council and its expenditure and income.

**A.3.3 Responsibilities of the Director of Resources**

- 3.3.1 To select suitable accounting policies 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) income and expenditure;
  - b) fixed assets;
  - c) treatment of leasing;
  - d) depreciation;
  - e) charges to revenue;
  - f) capital receipts;
  - g) debtors and creditors;
  - h) support services;
  - i) pensions;
  - j) government grants;
  - k) investments;
  - l) reserves.
  - m) stocks

**A.3.4 Responsibilities of Directors**

- 3.4.1 To adhere to the accounting policies and guidelines approved by the Director of Resources.

**A.4. ACCOUNTING RECORDS AND RETURNS**

**A.4.1 Why is this important?**

- 4.1.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council 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 Council's resources.

**A.4.2 Key controls**

4.2.1 The key controls for accounting records and returns are:

- a) all Committees, finance staff and budget managers operate within the required accounting standards and timetables;
- b) all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
- c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
- d) reconciliation procedures are carried out to ensure transactions are correctly recorded;
- e) prime documents are retained in accordance with legislative and other requirements.

**A.4.3 Responsibilities of the Director of Resources**

4.3.1 To determine the accounting procedures and records for the Council. Where these are maintained outside his/her department, the Director of Resources should consult the Director concerned.

4.3.2 To arrange for the compilation of all accounts and accounting records under his/her direction.

4.3.3 To comply with the following principles when allocating accounting duties:

- a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them;
- b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

4.3.4 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2015.

4.3.5 To ensure that all claims for funds including grants are made by the due date.

4.3.6 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Audit Committee to approve the Statement of Accounts.

4.3.7 To administer arrangements for under-spending to be carried forward to the following financial year.

4.3.8 To ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention guidelines.

**A.4.4 Responsibilities of Directors**

4.4.1 To consult and obtain the approval of the Director of Resources before making any changes to accounting records and procedures.

4.4.2 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.



- 4.4.3 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Director of Resources.

**A.5. THE ANNUAL STATEMENT OF ACCOUNTS**

**A.5.1 Why is this important?**

- 5.1.1 The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Audit Committee is responsible for approving the statutory annual Statement of Accounts.

**A.5.2 Key controls**

- 5.2.1 The key controls for the annual Statement of Accounts are:
- a) the Council 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 Council, that officer is the Director of Resources (Section 151 Officer);
  - b) the Council's Statement of Accounts must be prepared in accordance with proper practices as set out in the latest CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

**A.5.3 Responsibilities of the Director of Resources**

- 5.3.1 To sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- 5.3.2 To select suitable accounting policies and to apply them consistently.
- 5.3.3 To make judgements and estimates that are reasonable and prudent.
- 5.3.4 To comply with the latest accounting Code of Practice.
- 5.3.5 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

**A.5.4 Responsibilities of Directors**

- 5.4.1 To comply with accounting guidance provided by the Director of Resources and to supply him/her with information when required.

## **B. FINANCIAL PLANNING**

### **B.1. PERFORMANCE PLANS**

#### **B.1.1 Why is this important?**

- 1.1.1 The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement.

#### **B.1.2 Key controls**

- 1.2.1 The key controls for performance plans are:
- (a) to meet the timetables set;
  - (b) to ensure that all performance information is accurate, complete and up to date;
  - (c) to provide improvement targets which are meaningful, realistic and challenging.

#### **B.1.3 Responsibilities of the Director of Resources**

- 1.3.1 To contribute to the development of corporate and service targets and objectives and performance information.
- 1.3.2 To ensure that corporate systems are in place to measure activity and collect accurate information for use as performance indicators.
- 1.3.3 To ensure that performance information is collected and monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

#### **B.1.4 Responsibilities of Directors**

- 1.4.1 To contribute to the development of performance plans in line with statutory requirements.
- 1.4.2 To contribute to the development of corporate and service targets and objectives and performance information.
- 1.4.3 To ensure that systems are in place within their service area to measure activity and collect accurate information for use as performance indicators.
- 1.4.4 To ensure that performance information is collected and monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

### **B.2. BUDGETING**

#### **B.2.1 Format of the budget**

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

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

#### **B.2.2 Key controls**

- 2.2.1 The key controls for the budget structure are:

- a) the structure complies with all legal requirements;
- b) the structure reflects the accountabilities of service delivery.

**B.2.3 Responsibilities of Directors**

- 2.3.1 To comply with accounting guidance provided by the Director of Resources.

**B.2.4 Revenue budget preparation, monitoring and control**

**2.4.1 Why is this important?**

- 2.4.1.1 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account, managers responsible for defined elements of the budget.
- 2.4.1.2 By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual financial limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the budget allocated to it.
- 2.4.1.3 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service or policy area. However, budgetary control may take place at a more detailed level if this is required by the Directors scheme of delegation or by the Council.

**B.2.5 Key controls**

- 2.5.1 The key controls for managing and controlling the revenue budget are:
- a) budget managers should be responsible only for income and expenditure that they can influence;
  - b) there is only one nominated budget manager for each budget area;
  - 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 necessary action is taken to align service outputs and budget;
  - g) Managers should supervise the financial management of those reporting to them.

**B.2.6 Responsibilities of the Director of Resources**

- 2.6.1 To establish an appropriate framework of budgetary management and control that ensures that:
- a) budget management is exercised within annual financial limits unless the Council agrees otherwise;

- b) each Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
- c) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations;
- d) each directly controllable cost centre has a single named manager, determined by the relevant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure;
- e) significant variances from approved budgets are investigated and reported by budget managers regularly.

2.6.2 To administer the Council's scheme of virement.

2.6.3 To submit reports to the Finance & Corporate Services Committee and to the Council, in consultation with the relevant Director, where a Director is unable to balance expenditure and resources within existing approved budgets under his/her control.

2.6.4 To prepare and submit reports on the Council's projected income and expenditure compared with the budget on a quarterly basis.

2.6.5 To approve fees and charges where the budgeted income is less than or equal to £2,000.

#### **B.2.7 Responsibilities of Directors**

2.7.1 To maintain budgetary control within their services, in adherence to the principles in 2.6.1, and to ensure that all income and expenditure is properly recorded and accounted for.

2.7.2 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

2.7.3 To ensure that spending remains within the service's overall financial limit, and that individual budget headings are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

2.7.4 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that it is operating effectively.

2.7.5 To ensure prior approval by the Council or Programme committees (as appropriate) for new proposals, of whatever amount, that:

- a) create financial commitments in the current or future years;
- b) change existing policies, initiate new policies or cease existing policies;
- c) materially extend or reduce the Council's services.

2.7.6 To ensure compliance with the scheme of virement.

2.7.7 To agree with the relevant Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or another Director's level of service activity.

**B.2.8 Budgets and the Medium-Term Financial Strategy (MTFS)**

**2.8.1 Why is this important?**

- 2.8.1.1 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.
- 2.8.1.2 A report on new proposals should explain the full financial implications, following consultation with the Director of Resources. Unless the Council or Finance & Corporate Services Committee has agreed otherwise, Directors must plan to contain the financial implications of such proposals within the relevant financial limit.
- 2.8.1.3 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the business plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit.
- 2.8.1.4 The annual strategic and financial planning process involves a cycle in which Directors develop their own plans for submission to the relevant Committee. As each year passes, another future year will be added to the MTFS. This ensures that the Council is always preparing for events in advance.

**B.2.9 Key controls**

- 2.9.1 The key controls for budgets and the MTFS are:
  - a) specific budget approval for all expenditure;
  - b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Council for their budgets and the level of service to be delivered;
  - c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

**B.2.10 Responsibilities of the Director of Resources**

- 2.10.1 To prepare and submit reports on budget prospects to the Finance & Corporate Services Committee including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 2.10.2 To determine the detailed form of revenue estimates and the methods for their preparation.
- 2.10.3 To advise on the medium-term implications of spending decisions.
- 2.10.4 To encourage the best use of resources and value for money by working with Directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 2.10.5 To advise the Council on proposals in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.

**B.2.11 Responsibilities of Directors**

- 2.11.1 To prepare estimates of income and expenditure, in consultation with the Director of Resources.
- 2.11.2 To prepare budgets that are consistent with any relevant financial limits, with the Council's annual budget cycle and with guidelines issued by the Director of Resources.
- 2.11.3 To integrate financial and budget plans into business planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.11.4 In consultation with the Director of Resources and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Finance & Corporate Services Committee.
- 2.11.5 When drawing up draft budget requirements, to have regard to:
  - a) spending patterns and pressures revealed through the budget monitoring process;
  - b) legal requirements;
  - c) requirements as defined by the Council in the Strategic and Financial Policy Process;
  - d) initiatives already under way and any new service requirements that are likely to require funding within the financial year in question.

**B.2.12 Resource allocation**

**2.12.1 Why is this important?**

- 2.12.1.1 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised, taking account of the Council's legal responsibilities and that resources are allocated to meet the urgent priorities. Resources may include staff, money, equipment, goods and materials.

**B.2.13 Key controls**

- 2.13.1 The key controls for resource allocation are:
  - a) resources are acquired in accordance with the law and allocated using an approved authorisation process;
  - b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
  - c) resources are securely held for use when required;
  - d) resources are used in the most efficient manner.

**B.2.14 Responsibilities of the Director of Resources**

- 2.14.1 To coordinate the Strategic and Financial Planning process to ensure that resources are devoted to the Council's stated priorities.
- 2.14.2 To advise on methods available for the funding of expenditure plans.

**B.2.15 Responsibilities of Directors**

- 2.15.1 To deliver the Council's key objectives within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- 2.15.2 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

**B.2.16 Capital programmes**

**2.16.1 Why is this important?**

- 2.16.1.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or 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.
- 2.16.1.2 The Government controls the financing capacity of the Council through the CIPFA Prudential Code. This means that capital expenditure should be integrated into the Council's Treasury Management Strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

**B.2.17 Key controls**

- 2.17.1 The key controls for capital programmes are:
  - a) the development and implementation of asset management plans;
  - b) specific approval by the Council for the programme of capital expenditure;
  - c) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Finance & Corporate Services Committee;
  - d) proposals for improvements and alterations to buildings must be approved by the relevant Director;
  - e) accountability for each capital project is accepted by a named manager;
  - f) monitoring of progress in conjunction with expenditure and comparison with approved budget;
  - g) capital spending plans are to be in line with the approved Capital Strategy.

**B.2.18 Responsibilities of the Director of Resources**

- 2.18.1 To prepare the capital programme and estimates jointly with Directors and to report them to the Finance & Corporate Services Committee for approval. The Finance & Corporate Services Committee will make recommendations on the capital programme and on any associated financing requirements to the Council.
- 2.18.2 To prepare and submit reports jointly with the officers defined as accountable for capital projects to the Finance & Corporate Services Committee on the progress of the capital programme compared with the approved estimates.
- 2.18.3 Having regard to regulations determine the definition of 'capital'.



**B.2.19 Responsibilities of Directors**

- 2.19.1 To comply with guidance concerning capital schemes and controls issued by the Director of Resources.
- 2.19.2 To prepare and submit quarterly reports jointly with the Director of Resources to the Finance & Corporate Services Committee on the progress of the capital programme compared with the approved estimates.
- 2.19.3 To prepare regular reports reviewing the capital programme provisions for their services. In consultation with the Director of Resources, to obtain authorisation from the Finance & Corporate Services Committee and/or the Council for individual schemes where the estimated expenditure exceeds the capital programme provision by more than a specified amount (see **Appendix F**).
- 2.19.4 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Director of Resources.
- 2.19.5 To ensure that adequate records are maintained for all capital contracts.
- 2.19.6 To proceed with projects only when there is adequate provision in the capital programme.
- 2.19.7 To prepare and submit reports, jointly with the Director of Resources, to the Programme committees, of any increase in contract costs in excess of the approved scheme and estimate, unless the excess can be met by virement from elsewhere within the capital programme. The authorisation limits for capital virements are set out in **Appendix F**.
- 2.19.8 To prepare and submit reports, jointly with the Director of Resources, to the Programme committees, where it appears that the final cost of a revenue or capital contract will exceed the approved contract sum by more than a specified financial limit (see **Appendix F**).
- 2.19.9 No leasing arrangements as defined by the Director of Resources shall be entered into without prior approval.

**B.3. MAINTENANCE OF RESERVES**

**B.3.1 Why is this important?**

- 3.1.1 The Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

**B.3.2 Key controls**

- 3.2.1 To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.
- 3.2.2 For each reserve established, the purpose, usage and basis of transactions should be clearly identified and approved by the Finance & Corporate Services Committee.

**B.3.3 Responsibilities of the Director of Resources**

- 3.3.1 To advise the Finance & Corporate Services Committee and/or the Council on prudent levels of reserves for the Council.

**B.3.4 Responsibilities of Directors**

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

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

### **C.1. RISK MANAGEMENT**

#### **C.1.1 Why is this important?**

- 1.1.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve 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 the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.1.2 It is the overall responsibility of the Council to approve the Council's risk management strategy, and to promote a culture of risk management awareness throughout the Council.

#### **C.1.2 Key controls**

- 1.2.1 The key controls for risk management are:
- a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council;
  - b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls;
  - 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 Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

#### **C.1.3 Responsibilities of the Director of Resources**

- 1.3.1 To prepare and promote the Council's Risk Management Policy.
- 1.3.2 To develop risk management controls in conjunction with Directors.

#### **C.1.4 Responsibilities of the Director of Resources**

- 1.4.1 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- 1.4.2 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

**C.1.5 Responsibilities of Directors**

- 1.5.1 To notify the Director of Resources immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Council's insurers.
- 1.5.2 To take responsibility for risk management, having regard to advice from the Director of Resources and other specialist officers (e.g. fire prevention, health and safety).
- 1.5.3 To ensure that there are regular reviews of risk within their Service.
- 1.5.4 To notify the Director of Resources promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 1.5.5 To consult the Director of Resources and the Council's legal advisors on the terms of any indemnity that the authority is requested to give.
- 1.5.6 To ensure those employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

**C.2. INTERNAL CONTROLS**

**C.2.1 Why is this important?**

- 2.1.1 The Council is complex and beyond the direct control of a single individual. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 2.1.2 The Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.1.3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 2.1.4 The system of internal controls is established in order to provide measurable achievement of:
  - a) efficient and effective operations;
  - b) reliable financial information and reporting;
  - c) compliance with laws and regulations;
  - d) risk management.

**C.2.2 Key controls**

- 2.2.1 The key controls and control objectives for internal control systems are:
  - a) key controls should be reviewed on a regular basis;
  - b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
  - c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;

- d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

### **C.2.3 Responsibilities of the Director of Resources**

- 2.3.1 To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

### **C.2.4 Responsibilities of Directors**

- 2.4.1 To manage processes to check that established controls are understood and 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 risks.
- 2.4.2 To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Director of Resources. Directors should also be responsible, after consultation with the Director of Resources, for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

## **C.3. AUDIT REQUIREMENTS**

### **C.3.1 Internal audit**

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

- 3.1.1.1 The Accounts and Audit Regulations 2015 (para 5) require that a “relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 3.1.1.2 Internal Audit must be seen as independent. This is achieved through operating within a framework that allows unrestricted access to senior management, reporting in its own name and segregation as far as practical from line operations. The function reports directly to the Director of Resources (also the officer designated under Section 151 of the Local Government Act 1972 as responsible for ensuring the proper administration of the Authority's financial affairs). Internal Audit also reports directly to the Audit Committee.

### **C.3.2 Key controls**

- 3.2.1 The key controls for internal audit are:
  - a) that it is independent in its planning and operation;
  - b) the Audit Manager has direct access to the Chief Executive, Director of Resources, all levels of management and directly to elected Members;
  - c) Internal Auditors work towards complying with the UK Public Sector Internal Audit Standards (PSIAS), and effort is made to preserve objectivity by ensuring staff are free from conflicts of interest. Therefore as far as is practical, Internal Audit will not participate in the day to day operation of any systems of internal financial control.

**C.3.3 Responsibilities of the Director of Resources**

- 3.3.1 To ensure that internal auditors have the authority to:
- a) access Council premises at reasonable times;
  - b) access all assets, records, documents, correspondence and control systems ;
  - c) receive any information and explanation considered necessary concerning any matter under consideration;
  - d) require any employee of the Council to account for cash, materials or any other asset under his/her control;
  - e) access records belonging to third parties, such as contractors, when required;
  - f) obtain direct access to the Finance & Corporate Services Committee and the Audit Committee.
- 3.3.2 To approve the annual audit plans, prepared by the Audit Manager, and present to the Audit Committee for their approval.
- 3.3.3 To prepare terms of reference for the internal audit function, for approval by the Audit Committee.
- 3.3.4 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

**C.3.4 Responsibilities of Directors**

- 3.4.1 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 purposes of their work.
- 3.4.2 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 3.4.3 To respond to internal and external audit reports in writing, within a timescale agreed by the appropriate Director and the Director of Resources or External Auditor, detailing the action intended to address any recommendations.
- 3.4.4 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 3.4.5 To ensure that their staff report any suspicion of fraud, corruption or other financial irregularity in respect of Council funds, either directly, or via the Directors to the Director of Resources for investigation.
- 3.4.6 The Director of Resources must then arrange for appropriate investigation of the matter. The relevant Director must agree any further investigative action with the Director of Resources before proceeding.
- 3.4.7 The Director of Resources, in consultation with the relevant Director, the Monitoring Officer and the Chief Executive will advise whether any matter should be referred to the police for further investigation.

- 3.4.8 To ensure that the Director of Resources is given an opportunity, in a timely manner before live operation, to evaluate the adequacy of new systems for maintaining financial records, or records of assets, or changes to such systems.

### **C.3.5 External audit**

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

- 3.5.1.1 Under Schedule 1 of the Local Audit and Accountability Act 2014 all contracts for audit and related services, previously let by the Audit Commission, were transferred to Public Sector Audit Appointments Ltd on 1 April 2015. The external auditor has rights of access to all documents and information necessary for audit purposes (para 22 2014 Act).
- 3.5.1.2 The general duties of the external auditor are defined in the Local Audit and Accountability Act 2014 (para 20) and the Local Government Act 1999. In particular, Schedule 6 of the 2014 Act sets out that the Comptroller & Auditor General is responsible for preparing a code of audit practice, which external auditors follow when carrying out their duties. Schedule 1 of the code of audit practice sets out the auditor's statutory responsibilities across 3 main headings:
- a) Audit Scope;
  - b) Reporting;
  - c) Additional powers and duties.
- 3.5.1.3 The Council's accounts are scrutinised by external auditors, who must be satisfied that the Statement of Accounts 'presents a true and fair view' (Para 20 2014 Act) of the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

### **C.3.6 Key controls**

- 3.6.1 External auditors were initially appointed by Public Sector Audit Appointments Ltd, however subsequent appointments are to be made by the Local Authority for a maximum period of five years. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice, which external auditors follow when carrying out their audits.

### **C.3.7 Responsibilities of the Director of Resources**

- 3.7.1 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- 3.7.2 To work with the external auditor and advise the Council, and Directors on their responsibilities in relation to external audit.
- 3.7.3 To ensure there is effective liaison between external and internal audit.

### **C.3.8 Responsibilities of Directors**

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



## **C.4. PREVENTING FRAUD AND CORRUPTION**

### **C.4.1 Why is it this important?**

- 4.1.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- 4.1.2 The Council's 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 practices.
- 4.1.3 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought of or actions involving fraud and corruption. It must guard against the possibility that these expectations will not be fulfilled in all respects.

### **C.4.2 Key controls**

- 4.2.1 The key controls regarding the prevention of financial irregularities are that:
  - a) the Council has an effective Anti-Fraud and Anti-Corruption Policy and maintains a culture that will not tolerate fraud or corruption;
  - b) all Members and staff act with integrity and lead by example as per the relevant Code of Conduct;
  - c) Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt;
  - d) high standards of conduct are promoted amongst Members by the standards committee;
  - e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded;
  - f) "whistle blowing" procedures are in place and operate effectively;
  - g) legislation including the Public Interest Disclosure Act 1998 is adhered to.

### **C.4.3 Responsibilities of the Director of Planning and Regulatory Services**

- 4.3.1 To maintain and review an Anti-Fraud Policy.

### **C.4.4 Responsibilities of the Director of Resources**

- 4.4.1 To maintain and review an Anti-Corruption Policy
- 4.4.2 To maintain adequate and effective internal control arrangements.
- 4.4.3 To ensure that all suspected irregularities are investigated and all proven irregularities reported to the Chief Executive.

### **C.4.5 Responsibilities of Directors**

- 4.5.1 To ensure that all suspected irregularities are reported to the Director of Resources

- 4.5.2 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 4.5.3 To ensure that where financial impropriety is discovered, the Director of Resources is informed. Where sufficient evidence exists to believe that a criminal offence may have been committed, after consultation with the Director of Resources, relevant Director and Chief Executive, to ensure that the Police are called in.

#### **C.4.6 Responsibility of the Monitoring Officer**

- 4.6.1 To maintain a register of interests.

### **C.5. ASSETS**

#### **C.5.1 Security**

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

- 5.1.1.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items 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 prerequisite for proper fixed asset accounting and sound asset management.

#### **C.5.2 Key controls**

- 5.2.1 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- a) resources are used only for the purposes of the Council 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 Council so as to maximise benefits;
  - d) an asset register is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location, value and condition of the asset;
  - e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation;
  - f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's Information Communication Technology (ICT) Systems, including maintaining restricted access to the information held on them and compliance with the Council's Information Communication Technology and internet security policies.

#### **C.5.3 Responsibilities of the Director of Resources**

- 5.3.1 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of a specified financial limit (see **Appendix F**). The function of the asset register is to provide the Council with information about fixed assets so that they are:
- a) safeguarded;

- b) used efficiently and effectively;
- c) adequately maintained.

5.3.2 To receive the information required for accounting, costing and financial records from each Director.

5.3.3 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

#### **C.5.4 Responsibilities of Directors**

5.4.1 A property database shall be maintained by the Director of Resources for all properties, plant and machinery and moveable assets currently owned or used by the Council subject to the minimum values specified in **Appendix F**. Any use of property by a service other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.

5.4.2 To ensure that lessees and other prospective occupiers of council owned land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Council's legal advisor, has been established.

5.4.3 To ensure the proper security of all buildings and other assets under their control in accordance with laid down guidelines.

5.4.4 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Director and the Director of Resources (see **Appendix F**).

5.4.5 To pass title deeds to the Monitoring Officer who is responsible for maintaining the central repository of all title deeds.

5.4.6 To ensure that no Council asset is subject to personal use by a Member or employee without prior agreement of the relevant Director.

5.4.7 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.

5.4.8 To ensure that an inventory is maintained of moveable assets (subject to limits in **Appendix F**) in accordance with arrangements defined by the Corporate Leadership Team.

5.4.9 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.

5.4.10 To consult the Director of Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

5.4.11 To ensure cash holdings on premises are kept to a minimum.

5.4.12 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Resources as soon as possible.

5.4.13 To record all disposals or part exchange of assets that should normally be by competitive tender or public auction in accordance with **Contract Procedure Rules**, unless, the Finance & Corporate Services Committee agrees otherwise.

- 5.4.14 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 Council in some way.
- 5.4.15 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above a specified financial limit in value (see **Appendix F**).
- 5.4.16 To carry out an annual check of all items on the inventory in order to verify location and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers and cameras should be identified with security markings as belonging to the Council.
- 5.4.17 To make sure that property is only used in the course of the Council's business, unless the Director concerned has given permission otherwise.

### **C.5.5 Asset disposal**

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

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

### **C.5.6 Key controls**

- 5.6.1 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained in accordance with ***Contract Procedure Rules*** and bearing in mind other factors, such as environmental issues.
- 5.6.2 Procedures protect staff involved in the disposal from accusations of personal gain.

### **C.5.7 Responsibilities of the Director of Resources**

- 5.7.1 To issue advice on disposal in accordance with ***Contract Procedure Rules***.
- 5.7.2 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

## **C.6. TREASURY MANAGEMENT**

### **C.6.1 Why is this important?**

- 6.1.1 Millions of pounds pass through the Council's accounts each year. This requires the establishment of codes of practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's investment.

### **C.6.2 Key controls**

- 6.2.1 That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's treasury management practices (TMP's).

- 6.2.2 That the Finance & Corporate Services Committee receives reports on Treasury activity at least twice a year in accordance with the code of practice and that the Treasury Management Strategy is subject to annual scrutiny before it is agreed.

**C.6.3 Responsibilities of Director of Resources – treasury management and banking**

- 6.3.1 To arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's treasury management practices and strategy.
- 6.3.2 To prepare reports for the consideration of the Finance & Corporate Services and Overview & Scrutiny Committees.
- 6.3.3 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the written approval of the Director of Resources in accordance with the Banking Mandate (**Appendix G**).

**C.6.4 Responsibilities of Directors – treasury management and banking**

- 6.4.1 To follow the instructions on banking issued by the Director of Resources.

**C.6.5 Responsibilities of Director of Resources – investments and borrowing**

- 6.5.1 To ensure that all investments of money are made in the name of the Council.
- 6.5.2 To ensure that all securities that are the property of the Council and the title deeds of all property in the Council's ownership are held in the custody of the Monitoring Officer or under arrangements approved by the Director of Resources.
- 6.5.3 To effect all borrowings in the name of the Council.
- 6.5.4 To maintain records of all borrowing of money by the Council.

**C.6.6 Responsibilities of Directors – investments and borrowing**

- 6.6.1 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council.

**C.6.7 Responsibilities of Directors – funds held for third parties**

- 6.7.1 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Resources, and to maintain written records of all transactions.

**C.6.8 Responsibilities of the Director of Resources – imprest accounts**

- 6.8.1 To provide employees of the Council with cash imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 6.8.2 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 6.8.3 To reimburse imprest holders, as often as necessary, to restore the imprests.

**C.6.9 Responsibilities of Directors – imprest accounts**

6.9.1 To ensure that employees operating an imprest account:

- a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;
- b) make adequate arrangements for the safe custody of the account;
- c) produce upon demand by the Director of Resources cash and all vouchers to the total value of the imprest amount;
- d) record transactions promptly;
- e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;
- f) provide the Director of Resources with a certificate of the value of the account held at 31 March each year;
- g) 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.

**C.7. STAFFING**

**C.7.1 Why is this important?**

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

**C.7.2 Key controls**

7.2.1 The key controls for staffing are:

- a) procedures are in place for forecasting staffing requirements and cost;
- b) controls are implemented to ensure that staff time is used efficiently and to the benefit of the Council;
- c) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced, lawfully resident and trustworthy.

**C.7.3 Responsibilities of the Director of Resources**

7.3.1 To act as an advisor to Directors on areas such as Income Tax, National Insurance and pension contributions, as appropriate.

7.3.2 To ensure that staff costs are charged accurately to allow Directors to monitor staffing budgets effectively.

**C.7.4 Responsibilities of Directors**

7.4.1 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

- 7.4.2 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 7.4.3 To ensure that the Director of Resources is immediately informed if the staffing budget is likely to be materially over- or under-spent.



**D. FINANCIAL SYSTEMS AND PROCEDURES**

**D.1. GENERAL**

**D.1.1 Why is this important?**

1.1.1 Services have systems and procedures relating to the control of the Council's assets. Services are 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.

1.1.2 The Director of Resources is responsible for ensuring that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

**D.1.2 Key controls**

1.2.1 The key controls for systems and procedures are:

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

**D.1.3 Responsibilities of the Director of Resources**

1.3.1 To make arrangements for the proper administration of the Council's financial affairs, including to:

- a) issue advice, guidance and procedures for officers and others acting on the Council's behalf;
- b) determine the accounting systems, form of accounts and supporting financial records;
- c) establish arrangements for audit of the Council's financial affairs;
- d) approve any new financial systems to be introduced;
- e) approve any changes to be made to existing financial systems.

1.3.2 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 or at an alternative location within the building.

1.3.3 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.

**D.1.4 Responsibilities of Directors**

1.4.1 To ensure that accounting records are properly maintained and held securely.

1.4.2 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Director of Resources.

- 1.4.3 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 1.4.4 To incorporate appropriate controls to ensure that, where relevant:
  - a) all input is genuine, complete, accurate, timely and not previously processed;
  - b) all processing is carried out in an accurate, complete and timely manner;
  - c) output from the system is complete, accurate and timely.
- 1.4.5 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 1.4.6 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 1.4.7 To ensure that systems are documented and staff trained in operations.
- 1.4.8 To consult with the Director of Resources before changing any existing system or introducing new systems.
- 1.4.9 In consultation with the Director of Resources to establish a scheme of delegation identifying officers authorised to act upon the Directors behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.4.10 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Director of Resources, together with any subsequent variations.
- 1.4.11 To ensure that relevant standards and guidelines for ICT systems issued by the Director of Resources or IT Manager are observed.
- 1.4.12 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 1.4.13 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
  - a) only software legally acquired and installed by the Council is used on its computers;
  - b) staff are aware of legislative provisions;
  - c) in developing systems, due regard is given to the issue of intellectual property rights.

## **D.2. INCOME AND EXPENDITURE**

### **D.2.1 Income**

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

- 2.1.1.1 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 Council's cash-flow and also avoids the time and cost of administering debts.

### **D.2.2 Key controls**

- 2.2.1 The key controls for income are:

- a) all income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
- b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- c) all money received by an employee on behalf of the Council is paid in without delay through the Council's payment facility, as the Director of Resources directs, to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
  - i. for identifying the amount due
  - ii. for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales;
- e) formal approval for debt write-off is obtained;
- f) appropriate write-off action is taken within defined timescales;
- g) appropriate accounting adjustments are made following write-off action;
- h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention guidelines;
- i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

### **D.2.3 Responsibilities of the Director of Resources**

- 2.3.1 To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- 2.3.2 To approve all debts to be written off in consultation with the relevant Director and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2015.
- 2.3.3 To obtain the approval of the Finance & Corporate Services Committee in consultation with the relevant Director for writing off debts in excess of a specified financial limit (see **Appendix F**)
- 2.3.4 To ensure that appropriate accounting adjustments are made following write-off action.
- 2.3.5 To order and supply to services all receipt forms, books or tickets and similar items and to satisfy himself/herself regarding the arrangements for their control.

### **D.2.4 Responsibilities of Directors**

- 2.4.1 To implement the charging policy for the supply of goods or services, including the appropriate charging of VAT (in consultation with the Director of Resources where appropriate), and to review it regularly, in line with corporate policies.
- 2.4.2 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 2.4.3 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 2.4.4 To issue official receipts or to maintain other documentation for income collection.

- 2.4.5 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 2.4.6 To hold securely receipts, tickets and other records of income for the appropriate period in accordance with the documentation retention policy.
- 2.4.7 To secure all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 2.4.8 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- 2.4.9 To ensure personal cheques or other payments are not en-cashed.
- 2.4.10 To supply the Director of Resources with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Director of Resources to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Directors have a responsibility to assist the Director of Resources in collecting debts that they have originated, by providing any further information requested about the debtor, and in pursuing the matter on the Council's behalf.
- 2.4.11 To notify the Director of Resources of outstanding income relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Director of Resources and not later than 15th April.

### **D.3. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

#### **D.3.1 Why is this important?**

- 3.1.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's ***Contract Procedure Rules***.

#### **D.3.2 General**

- 3.2.1 Every Officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- 3.2.2 Official orders must be in a form approved by the Director of Resources. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments, petty cash purchases or other exceptions specified by the Director of Resources.
- 3.3.3 Each order must conform to the guidelines approved by the Council on procurement Standard terms and conditions and must not be varied without the prior approval of the Director of Resources.

- 3.3.4 Apart from petty cash, the normal method of payment from the Council shall be by cheque or BACS drawn on the Council's bank account by the Director of Resources. The use of direct debit shall require the prior agreement of the Director of Resources. The use of Council procurement/business cards by non card holders shall require the prior agreement of the Director of Resources.
- 3.3.5 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts, except where there is a specific Council policy to the contrary.
- 3.3.6 Detailed regulations relating to Procurement are set out in the Council's ***Contract Procedure Rules***.
- 3.3.7 Where an order is not appropriate as discussed in section 3.2.2, authorisation must be provided on the specified form and attached to the invoice for payment. Authorisation thresholds for Officers are set out in **Appendix H**.

### **D.3.3 Key controls**

- 3.3.1 The key controls for ordering and paying for work, goods and services are:
- a) all goods and services are ordered only by authorised persons and are correctly recorded;
  - b) all goods and services shall be ordered in accordance with the Council's ***Contract Procedures Rules***;
  - c) goods and services received are checked to ensure they are in accordance with the order;
  - d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards;
  - e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
  - f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention guidelines;
  - g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected by journal;
  - h) in addition e-commerce requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

### **D.3.4 Responsibilities of the Director of Resources**

- 3.4.1 To ensure that all the Council's financial systems and procedures are sound and properly administered.
- 3.4.2 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 3.4.3 To approve the form of official orders and associated terms and conditions in consultation with the Council's legal advisors.
- 3.4.4 To make payments from the Council's funds on the Director's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 3.4.5 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.

- 3.4.6 To make payments to contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 3.4.7 To provide advice and encouragement on making payments by the most economical means, in accordance with the Council's Procurement Strategy and associated guidance.
- 3.4.8 To ensure that payment is not made unless a proper VAT invoice, where appropriate, has been received, checked and coded, confirming:
  - (a) that the invoice has not previously been paid;
  - (b) that expenditure has been properly incurred;
  - (c) that prices and arithmetic are correct;
  - (d) correct accounting treatment of tax;
  - (e) that discounts have been taken where available;
  - (f) that appropriate entries will be made in accounting records.
- 3.4.9 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice, except where the original invoice has been lost, in which case a check must be made to see if payment has been made and if it has not the copy annotated accordingly prior to payment.

**D.3.5 Responsibilities of Directors**

- 3.5.1 To ensure that official orders are issued via the e-procurement system for all goods and services, other than the exceptions as specified in 3.2.2.
- 3.5.2 To ensure that orders are only used for goods and services provided to the service. Individuals must not use official orders to obtain goods or services for their private use (see 3.3.5).
- 3.5.3 To ensure that only staff authorised to raise orders (Buyers) via the e-procurements system have access to the system. To ensure that only staff authorised to approve orders above the specified limit have access to the system. Buyers and Approvers should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best Value principles should underpin the Council's approach to procurement. Value for money should always be achieved.
- 3.5.4 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories if necessary.
- 3.5.5 To ensure that the e-payment system is updated to show the receipt of goods, immediately after the goods are received.
- 3.5.6 Wherever possible to ensure that two authorised members of staff are involved in the ordering and receiving process.
- 3.5.7 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Director of Resources.

- 3.5.8 To ensure that the service obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality. Due regard to be taken of the Council's procurement strategy and associated procurement guidance.
- 3.5.9 To ensure that employees are aware of the national code of conduct for local government employees specified in personnel policies.
- 3.5.10 To ensure that, loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Resources.
- 3.5.11 To notify the Director of Resources of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Director of Resources.
- 3.5.12 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Resources the systems and procedures to be adopted in relation to financial aspects. This includes certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 3.5.13 To notify the Director of Resources immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 3.5.14 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention guidelines.

#### **D.4. PAYMENTS TO EMPLOYEES AND MEMBERS**

##### **D.4.1 Why is this important?**

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

##### **D.4.2 Key controls**

- 4.2.1 The key controls for payments to employees and Members are:

- (a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
  - i. starters
  - ii. leavers
  - iii. variations
  - iv. enhancements
  - v. and that payments are made on the basis of timesheets or claims;
  - vi. frequent reconciliation of payroll expenditure against approved budget and bank account;
- (b) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines;



(c) that HM Revenues and Customs regulations are complied with.

**D.4.3 Responsibilities of the Director of Resources**

- 4.3.1 To arrange and control the secure and reliable payment of salaries, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him/her, on the due date.
- 4.3.2 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines.
- 4.3.3 To record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.
- 4.3.4 To make arrangements for payment of all travel and subsistence claims.
- 4.3.5 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.3.6 To ensure that adequate and effective systems and procedures are operated, so that:
  - (a) payments are only authorised to bona fide employees;
  - (b) payments are only made where there is a valid entitlement;
  - (c) conditions and contracts of employment are correctly applied, employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 4.3.7 To ensure that the Director of Resources is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system (P11d).

**D.4.4 Responsibilities of Directors**

- 4.4.1 To send an up-to-date list of the names of officers authorised to sign records to the Director of Resources, together with specimen signatures.
- 4.4.2 To ensure that payroll transactions are processed only through the payroll system. Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenues and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Director of Resources.
- 4.4.3 To certify travel and 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 Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Director of Resources is informed where appropriate.
- 4.4.4 To make, having regard to the particular circumstances of each case, ex gratia payments not exceeding a specified financial limit (see **Appendix F**) in any one case, subject to consultation with the Director of Resources. The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.
- 4.4.5 To notify the Director of Resources of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Director of Resources.

- 4.4.6 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.

**D.4.5 Responsibilities of Members and Officers**

- 4.5.1 To submit claims for travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

**D.5. TAXATION**

**D.5.1 Why is this important?**

- 5.1.1 Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

**D.5.2 Key controls**

- 5.2.1 The key controls for taxation are:
- (a) Finance staff remain abreast of tax legislation, in particular that relating to PAYE, NICs, CIS and VAT.
  - (b) budget managers are provided with relevant information and kept up to date on tax issues;
  - (c) budget managers are instructed on required record keeping;
  - (d) all taxable transactions are identified, properly carried out, accounted for within stipulated time-scales and paid through appropriate financial systems;
  - (e) records are maintained in accordance with instructions;
  - (f) returns are made to the appropriate authorities within the stipulated timescale.

**D.5.3 Responsibilities of the Director of Resources**

- 5.3.1 To complete all HM Revenues and Customs returns regarding PAYE and NIC's.
- 5.3.2 To complete a monthly return of VAT inputs and outputs to HM Revenues and Customs.
- 5.3.3 To provide details to HM Revenues and Customs regarding the construction industry tax deduction scheme in accordance with their deadlines.
- 5.3.4 To provide guidance for Council employees on taxation issues (including VAT).

**D.5.4 Responsibilities of Directors**

- 5.4.1 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations.
- 5.4.2 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 5.4.3 To follow any guidance on taxation issued by the Director of Resources.

**D.6. TRADING ACCOUNTS AND BUSINESS UNITS**

**D.6.1 Why is this important?**

- 6.1.1 Trading accounts have become more important as local authorities have developed a more commercial culture.

**D.6.2 General**

- 6.2.1 Trading activities must operate within the Council's overall arrangements and rules for financial, personnel and resource management. Exceptionally, where it can be demonstrated that this would lead to a unit being uncompetitive and losing work, special arrangements can be considered. While the Programme committees have an overall responsibility for the operations of trading activities, clearly trading activities need freedom within this framework to operate on a commercial basis. Trading activities must adhere to Financial Regulations, unless alternative arrangements are explicitly identified and agreed in writing with the Director of Resources.

**D.6.3 Responsibilities of the Director of Resources**

- 6.3.1 To advise on the establishment and operation of trading accounts.

**D.6.4 Responsibilities of Directors**

- 6.4.1 To ensure that the control of the trading activity will be to the financial target (the 'bottom line') rather than to individual expenditure and income estimate headings
- 6.4.2 To ensure that as a minimum, a break even position should be achieved.
- 6.4.3 To report to the Finance & Corporate Services Committee, where a trading activity plans a significant item of expenditure (e.g. a capital scheme, the purchase of a major item of computer software or the creation of a major ongoing revenue commitment), prior to the expenditure being committed, unless already in an approved capital programme
- 6.4.4 To make a full report to the Finance & Corporate Services Committee, as soon as it is known that the trading activity may make a deficit.
- 6.4.5 To make a report to the Finance & Corporate Services Committee on the outturn of each trading activity compared to the financial plan.
- 6.4.6 To consult with the Director of Resources and the Council's legal advisors where a trading activity wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

**E. EXTERNAL ARRANGEMENTS**

**E.1. PARTNERSHIPS**

**E.1.1 Why is this important?**

1.1.1 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.

1.1.2 Local authorities usually act as an “enabler” and 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.

**E.1.2 General**

1.2.1 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.

1.2.2 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.

1.2.3 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.

1.2.4 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.

**E.1.3 Key controls**

1.3.1 The key controls for Council partners are:

- a) if appropriate, to be aware of their responsibilities under the Council's financial regulations and procedures together with ***Contract Procedure Rules***;
- 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.

**E.1.4 Responsibilities of the Director of Resources**

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

1.4.2 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.

1.4.3 To ensure that the accounting arrangements are satisfactory.

1.4.4 To maintain a register of all contracts entered into with external bodies.

**E.1.5 Responsibilities of Directors**

1.5.1 To ensure that, before entering into agreements with external bodies the Council's legal advisors are consulted.

1.5.2 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared.

1.5.3 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.

1.5.4 To ensure that all agreements and arrangements are properly documented.

1.5.5 To provide appropriate information to the Director of Resources to enable a note to be entered into the Council's Statement of Accounts concerning material items.

**E.2. EXTERNAL FUNDING**

**E.2.1 Why is this important?**

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

**E.2.2 Key controls**

- 2.2.1 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 Council;
- c) to ensure that any match-funding requirements and future revenue implications are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

**E.2.3 Responsibilities of the Director of Resources**

- 2.3.1 To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.

- 2.3.2 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

- 2.3.3 To ensure that audit requirements are met.

**E.2.4 Responsibilities of Directors**

- 2.4.1 To ensure that all claims for funds are made by the due date.

- 2.4.2 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

**E.3. WORK FOR THIRD PARTIES**

**E.3.1 Why is this important?**

- 3.1.1 Legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risk associated with this work is minimised and that such work is intra vires.

**E.3.2 Key controls**

- 3.2.1 The key controls for working with third parties are:

- a) to ensure that proposals are costed properly in accordance with guidance provided by the Director of Resources;

- b) to ensure that contracts are drawn up using guidance provided by the Director of Resources and that the formal approvals process is adhered to;
- c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

**E.3.3 Responsibilities of Director of Resources**

- 3.3.1 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

**E.3.4 Responsibilities of Directors**

- 3.4.1 To ensure that the approval of the appropriate Programme committee is obtained before any negotiations are concluded to work for third parties.
- 3.4.2 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Director of Resources.
- 3.4.3 To ensure that appropriate insurance arrangements are made.
- 3.4.4 To ensure that the Council is not put at risk from any bad debts.
- 3.4.5 To ensure that no contract is subsidised by the Council.
- 3.4.6 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 3.4.7 To ensure that the service has the appropriate expertise to undertake the contract.
- 3.4.8 To ensure that such contracts do not impact adversely upon the services provided for the Council.
- 3.4.9 To ensure that all contracts are properly documented.
- 3.4.10 To provide appropriate information to the Director of Resources to enable a note to be entered into the Statement of Accounts.

**F. FINANCIAL LIMITS**

**F.1. General**

**F.1.1** Throughout these regulations, there are references to financial limits. These limits will need to be reviewed on a regular basis and, consequently, the latest figures have been consolidated in this appendix in order to facilitate any future changes. The regulations which contain financial limits are listed below:

**F.1.2** Virements between budget heads require the approval of the Finance & Corporate Services Committee subject to the authorisation limits set out below.

**F.1.3** The financial limits for approval of revenue virements and revenue supplementary estimates are set out below:

(a) Virements within same budget head

Relevant Director and Director of Resources

(b) Virements between different budget heads

- (i) Up to **£20,000** – Director and Director of Resources and reported quarterly to members via email.
- (ii) Over **£20,000** up to **£50,000** - Director, Director of Resources in consultation with relevant Programme committee Chairman; and reported to the next Finance & Corporate Services Committee meeting;
- (iii) Over **£50,000** - the Finance & Corporate Services Committee.

(c) Supplementary Estimates

- (i) Up to **£20,000** – Director, Director of Resources and Chief Executive in consultation with the Chairman of the Finance & Corporate Services Committee and the Leader and reported to the next Finance & Corporate Services Committee;
- (ii) Over **£20,000** – the Finance & Corporate Services Committee.

**NB** One of the Council's budget policies is to only agree supplementary estimates in exceptional circumstances.

**F.1.4** A capital scheme (an identifiable project) is where expenditure exceeds **£10,000**.

**F.1.5** The financial limits for approval of capital virements and capital supplementary estimates are the same as for revenue.

**F.1.6** Any excess expenditure over the approved contract sum of more than **5%** or **£10,000** whichever is the greater must be reported to the Programme committee (Appendix B paragraph 2.19.8).

**F.1.7** The asset register shall contain all assets with a value in excess of **£10,000** (Appendix C paragraph 5.3.1).

**F.1.8** All items with a value in excess of **£500** shall be included in inventories (Appendix C paragraph 5.4.15). IT assets (laptops, monitors, printers etc but excluding IT peripherals) are an exception to this limit as are more desirable, and are all recorded on the IT inventory.



## **APPENDIX 1**

### **Appendix F**

- F.1.9** Finance & Corporate Services Committee approval is required to declare land surplus to requirements where the value exceeds **£10,000** (Appendix C paragraph 5.4.4).
- F.1.10** Finance & Corporate Services Committee approval is required to write-off bad debts in excess of **£10,000** (Appendix D paragraph 2.3.3), in the case of Non Domestic Rates Debts this is increased to **£20,000**.
- F.1.11** Finance & Corporate Services Committee approval is required to make ex-gratia payments in excess of **£2,000** (Appendix D paragraph 4.4.4).
- F.1.12** Finance limits relating to contracts are contained in the Council's ***Contract Procedure Rules***.

**G. BANK MANDATE**

- G.1. Subject to an adequate indemnity and satisfactory security arrangements being maintained, pre-signed cheques may be used for payments not exceeding £10,000. The facsimile signature of the Chief Executive shall appear on all pre-signed cheques.
- G.2. Cheques above £10,000 shall be countersigned by the Director of Resources or, in his/her absence, the Chief Executive or the Director of Customers and Community or the Director of Planning and Regulatory Services.
- G.3. Amendments to cheques can be countersigned by the above and additionally the Finance Manager for cheques up to £10,000.
- G.4. Manual CHAPS payments shall be signed by any of the following:
- a) Director of Resources
  - b) Chief Executive
  - c) Director of Customers and Community
  - d) Director of Planning and Regulatory Services
- G.5. All arrangements with the Council's financial institutions shall be made by the Director of Resources who shall be authorised to operate such banking accounts/investments/financial instruments as he/she may consider necessary.
- G.6. All cheques shall be ordered only on the authority of the Director of Resources or under arrangements made by him/her.
- G.7. All cheques shall be ensured are kept in safe custody by the Director of Resources until issue.
- G.8. All instructions relating to the Council's banking accounts, shall be authorised by the Director of Resources or Officers authorised by him or her.
- G.9. Payments may be made by BACS or CHAPS electronic transmission subject to two authorised card holder authentications and authorisation in accordance with the following limits:
- Up to £50,000 - Officers delegated by Directors under the scheme of delegation  
Above £50,000 - Directors or Chief Executive

## **H. AUTHORISATION ARRANGEMENTS**

<b>Total Value</b>	<b>Category</b>	<b>Authorisation Level</b>
Up to £5,000	Electronic Orders	<i>Authorised buyer</i>
£5,001 to £50,000	Invoice Authorisations, Electronic Order Approvals, Mileage and Expenses Claims	<i>Line Manager</i>
Above £50,001*	Invoice Authorisations and Order/Contract Approvals	<i>Director or Chief Executive</i>

\* Note requirement for written contracts above £50,000 – See Section 16.2 of Contract Procedure Rules.

### **Definitions** (as per Contract Procedure Rules)

*Approved Buyer*- An Officer designated by a Director who is authorised to generate electronic orders on behalf of the Council.

*Line Manager* - An *Officer* designated by the *Director* to exercise the role reserved to the line manager by the contract procedure rules, this will be a Level 2 Manager.

*Director*- One of three Directors responsible for operational delivery of services and designated as such in the constitution.

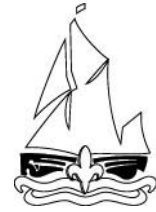
**I. DELEGATIONS**

**I.1.1 Introduction**

- 1.1.1. The Status of financial regulations section in this document refer to Directors and Officers delegating their responsibilities per these financial regulations. Delegation should be given in writing, however there are instances where this isn't necessary or not possible due to sickness/leave.
- 1.1.2. These delegations are only applicable where decisions/actions are required urgently and the relevant officer is not available and written delegation has not been made as not known required.
- 1.1.3. There are statutory delegations for statutory posts, the Monitoring Officer, Section 151 Officer and Returning Officer, who all have a Deputy. Written delegation is not required for these posts to act in the full capacity.
- 1.1.4. Other Officer delegations:-

<b>Officer</b>	<b>Delegation given to:</b>
Chief Executive	Service Director
Service Director	Another Service Director
Group Manager	Service Director

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## **REPORT of DIRECTOR OF RESOURCES**

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to  
**FINANCE AND CORPORATE SERVICES COMMITTEE**  
**26 SEPTEMBER 2017**

### **REPLACEMENT COMMISSIONING AND PROCUREMENT STRATEGY AND CONTRACT PROCEDURE RULES**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To consider and recommend to the Council that the following updated and modified documents be agreed:
- Procurement Strategy (**APPENDIX A**)
  - Contract Procedure Rules (**APPENDIX B**)

#### **2. RECOMMENDATION**

To the Council

That the updated Commissioning and Procurement Strategy (**APPENDIX A**) and Contract Procedure Rules (**APPENDIX B**) be agreed.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The previous Commissioning and Procurement Strategy was brought to the Finance and Corporate Services Committee on 5 March 2013.
- 3.2 Due to the time which has lapsed the strategy has been re-written to ensure that it meets the needs of the authority.
- 3.3 Since the previous version was adopted a number of new requirements must be considered, including the Public Services (Social Value) Act (2012), National Procurement Strategy (2015) and the Public Contract Regulations (2015).
- 3.4 The revised Commissioning and Procurement Strategy (**APPENDIX A**) has also been amended to take the Senior Management Restructure and revised Corporate Plan into account.
- 3.5 The strategy has also introduced documented performance management for all contracts in place with a value greater than £25,000.
- 3.6 The previous Contract Procedure Rules were also brought to the Finance and Corporate Services Committee on 5 March 2013. The Contract Procedure Rules

(**APPENDIX B**) provide the Council's mandatory procedures on methods of procurement.

- 3.7 The Contract Procedure Rules have been updated to ensure that they include guidance on calculated the total contract value, a section on extensions and variations and removal of the approved lists section as these are no longer used.

#### **4. CONCLUSION**

- 4.1 The strategy and contract procedure rules required amendment and emerging issues have been addressed in this updated version.

#### **5. IMPACT ON CORPORATE GOALS**

- 5.1 This report links to the corporate goal of being an organisation which delivers good quality, cost effective and valued services in a transparent way.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None identified.
- (iii) **Impact on Risk** – Procurement strategy minimises risk through following best practice.
- (iv) **Impact on Resources (financial)** – Efficient procurement ensures transparency and efficient use of resources.
- (v) **Impact on Resources (human)** – None identified.
- (vi) **Impact on the Environment** – The strategy links to the Council's approved Environment and Climate Change Strategy.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel 01621 875762).

**Document Control Sheet**

<b>Document title</b>	Commissioning and Procurement Strategy
<b>Summary of purpose</b>	Strategy for the Council's Commissioning and procuring goods and services
<b>Prepared by</b>	Emma Foy
<b>Status</b>	Draft
<b>Version number</b>	1.0
<b>Approved by</b>	Council
<b>Approval date</b>	<b>TBC</b>
<b>Date of implementation</b>	<b>TBC</b>
<b>Review frequency</b>	Every three years
<b>Next review date</b>	<b>TBC</b>
<b>Circulation</b>	
<b>Published on the Council's website</b>	

**Validity Statement**

This document is due for review by the date shown above, after which it may become invalid. Users of the strategy or policy should ensure that they are consulting the currently valid version of the document.



# **MALDON DISTRICT COUNCIL**

## **COMMISSIONING AND PROCUREMENT STRATEGY**



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## Maldon District Council Procurement Strategy

### 1 INTRODUCTION

- 1.1 The local government procurement landscape is changing; this strategy document aims to clarify Maldon District Council's approach to Procurement activity within this changing environment.
- 1.2 Since the last strategy was adopted in 2012 a number of new external influences have been taken into account, including:
  - Public Services (Social Value) Act (2012).
  - The current draft of the National Procurement Strategy (due to be operational from late 2015).
  - Public Contract Regulations (2015).
- 1.3 Maldon District Council ('the Council') spends approximately £7 million on the procurement of goods, works and services. This strategy outlines the Council's current method of undertaking procurement and seeks to lay foundation for the future way in which procurement is addressed. This strategy is a 'living' document that will be updated at regular intervals in accordance with Council policy or through statutory amendments.
- 1.4 The Leadership Team are responsible for ensuring that the principles of this strategy are adopted and to promote its implementation within their own service area. Members are expected to use this strategy as a sense-check to review officer procurement decision-making through the relevant committees.

### 2 WHAT IS SUSTAINABLE COMMISSIONING AND PROCUREMENT?

- 2.1 **Commissioning** – the whole process of deciding what services are needed, their priority, and choosing what, why, how and where to allocate resources to provide them.
- 2.2 **Procurement** – the acquisition of goods, works and services which meet the customers' and service users' needs, whilst ensuring value for money throughout the life of the product including disposal.
- 2.3 **Sustainable procurement** – the acquisition of goods/works/services in a way that achieves value for money on a whole life basis by not only generating benefits for the Council for our communities and economy whilst minimising environmental damage.
- 2.4 **Value for Money** – also often described in terms of the 'three Es' – economy, efficiency and effectiveness:
  - **Economy** – careful use of resources to save expense, time and/or effort.
  - **Efficiency** – delivering the same level of service for less cost, time and/or effort.
  - **Effectiveness** – delivering a better service or getting a better return for the same amount of expense, time and/or effort.

- 2.5 Procurement is the method by which all goods, services and works are acquired. This includes everything from day to day purchases of consumables through to the acquisition of strategic services and works irrespective of value. However, procurement is more than just buying goods, works and services – it plays an increasingly strategic role in the way we deliver services.
- 2.6 Procurement should challenge existing service delivery models, and identifies and delivers the right future model of service provision.
- 2.7 The aim of effective procurement is to achieve best value through planned and skilful procurement, in respect of all goods, works and services sought by the Council. Also to support and encourage a vibrant local supplier market, remove barriers to trade for small to medium enterprises and voluntary organisations (such as splitting larger requirements into Lots) and giving appropriate consideration to Social Value.
- 2.8 Officers of Maldon District Council are required to comply with internal Contract Procedure Rules as well as external laws, regulations and policy guidance at all times, in every procurement exercise regardless of contract value.

### **3 STRATEGIC OBJECTIVES**

- 3.1 The Procurement Strategy supports the Council's Corporate Plan. At a general level, procurement of goods, works and services assists in delivering the Council's strategic objectives and statutory responsibilities:
  - by ensuring procurements reflect relevant sustainability and environmental issues and ensure procurement processes support and reflect the aim of protecting our environment for future generations;
  - by ensuring procurement guidance is clear and simple, and that relevant contracts are advertised and accessible to all. The procurement processes used do not unfairly limit the opportunity to bid for Social Enterprises/Third Sector organisations;
  - provide feedback to bidders to support the development and overall competitiveness of these organisations;
  - by encouraging an effective local supplier market and the promotion of local social value in contracts (such as the creation of apprenticeships and local supply chains);
  - by aiming to ensure each procurement encapsulates the best value solution for the District. Using the procurement cycle to assist in identifying improvements to services and support the delivery of value for money services. To eliminate anything that does not add value to the procurement; and
  - by working closely with partner organisations such as the Essex Procurement Hub, East of England LGA, and the Procurement Agency for Essex and other partnership groups to deliver savings and efficiencies through collaboration.

### 3.2 Other Corporate documents linked to this Strategy:

- Business Plan
- Financial Regulations
- Contract Procedure Rules

### *Links between this policy and our Corporate Priorities*

### 3.3 This policy supports our Corporate Priorities in the following way:

- Enable communities: We will engage with all parts of our communities, including Parish Councils, businesses and our residents to encourage the most efficient way to provide services by:
  - Seeking to secure the best outcomes for the local community by making use of all available resources – without regard to whether services are provided in-house, externally or through partnership arrangements.
  - Continuously improving services through the adoption of innovative practices so that service users see an improvement in both quality and value for money.
  - Adopting a collaborative approach to procurement by participating in framework contracts.
  - Ensure we engage the diverse needs of the Community.
  - Improving understanding of procurement and commissioning for both internal and external stakeholders.
- Early Intervention: We will promote the safeguarding of our young and vulnerable residents by
  - Ensuring that arrangements are in place with contractors to safeguard children and vulnerable adults in accordance with legislation (existing contracts).
  - Ensure that the Councils procurement process required suppliers to comply with safeguarding requirements (new contracts).
  - Monitoring and reporting compliance with procurement policies and procedures.

## **4 PROCUREMENT RESOURCE**

- 4.1 Maldon District Council is a small District Council with limited resources and it is not feasible to employ a full-time professionally qualified procurement resource.

- 4.2 The Essex Procurement Hub (EPH), hosted by Braintree District Council, was joined in April 2014 and provides procurement expertise for all aspects of procurement at Maldon. The shared service, which has six members, ensures Maldon has access to a fully qualified procurement professional for two days a week. In addition to being used to undertake high value and high risk procurements, this resource also helps Maldon to provide guidance, a toolkit and training opportunities to all officers of the Council involved in procuring goods and services.

## **5 GOVERNANCE AND RESPONSIBILITY**

- 5.1 Procurement of goods, works and services across the Council has to be carried out within a number of controls including legislative and governance issues. In addition the Council has other policies, which must be adhered to as part of any procurement activity.
- 5.2 The Council will ensure that our procedure rules continue to be relevant and are compliant with EU regulations. The Council will hold the highest principles of fairness, transparency and openness within all procurement activity.
- 5.3 The key control over procurement activities is the Council's Contract Procedure Rules (CPRs), which set out the rules governing all aspects of procurement activity and outlines procedures to be followed for procurements that fall within set levels of spend. These are attached to this policy, Contract Procedure Rules.
- 5.4 The Director of Resources has overall strategic responsibility for procurement at Maldon, whilst operational responsibility lies with Managers.
- 5.5 Training is made available to staff engaged in Procurement. Procurement workshops are run in conjunction with the Essex Procurement Hub.
- 5.6 All the Official Journal of the European Union (OJEU) procurement projects must have sign off at PQQ in full and evaluation provided by Financial services and Procurement Consultant. .
- 5.7 All procurement must consider responsibilities and requirements for:
- Safeguarding
  - Sustainability
  - Equalities
  - Social Value
  - Health and Safety
- 5.8 The Project Initiation Document (PiD) should allow considerations to be identified and assessed at the pre-procurement stage.
- 5.9 All procurement of contracts with a value of above £25,000 must have designated performance management criteria determined at the start of the contract, the results of which must be reported back to Members in June each year as part of the Annual Performance Monitoring of contractors.

## 6 E-PROCUREMENT

- 6.1 The National Procurement Strategy (NPS) places certain responsibilities on all Councils which includes use of e-procurement and the consideration of social value in procurement.
- 6.2 The Council has deployed Essex Marketplace solution for electronic ordering of goods and services.
- 6.3 The Council is using its website to promote good practice.
- 6.4 To support the delivery of this strategy the Council will continue to utilise electronic procurement systems. Electronic procurement systems can achieve efficiencies in the procure-to-pay cycle including reduction in processing time and reduction in transaction costs. This will help free resources that can be directed into front line services.

## 7 SUSTAINABLE PROCUREMENT

### *The Environment*

- 7.1 We also will require operators of (*significant*) contracts to adopt whole life-cycle thinking in the delivery of services on the Council's behalf. Where relevant, examples may include the purchase and use of vehicles, equipment, energy, water and chemicals.
- 7.2 One of the goals of the Council's Climate Change Commitment is to lead the local community in minimising its environmental impact. Through green procurement the Council is setting an example and influencing the market-place by providing industry with real incentives for developing green technologies.
- 7.3 Sustainable procurement is the process of acquiring goods, works and services from a supplier that provides the optimum combination of whole life costs and benefits to meet the customer's requirement. In order to achieve this we will:
  - Account for environmental aspects of a product alongside societal and economic aspects in the tendering process. Deliver appropriate training for purchasing staff, ensuring access to environmental information.
  - Adopt a life-cycle thinking approach to avoid shifting environmental impact. Products with Eco-labels should be purchased wherever possible.
  - Develop an energy efficiency standard for the procurement of electrical goods.
  - Encourage an ethic of reduce, reuse, recycle amongst purchasing staff. New cars purchased for the Council Fleet should have the lowest emissions standard possible whilst remaining fit for purpose.

## ***The Community***

- 7.4 We will encourage a diverse and competitive supply market by ensuring that local businesses are given an equal opportunity to participate in competition for Council business, whilst still maintaining a competitive supply market by:
- Encouraging local businesses to register with Contracts Finder.
  - Providing clear advice and guidance to local businesses about how to bid for the Council's work.
  - Encouraging the employment of local labour by the Council's successful contractors.
  - Ensuring contracts are structured so as not to prejudice local businesses.
  - Exploring how to better engage with ethnic, disabled and other minority group suppliers.

## **8 PARTNERING AND COLLABORATION**

- 8.1 The Council defines partnering as the creation of sustainable, collaborative relationships with suppliers to deliver services, carry out projects and acquire goods.
- 8.2 Collaboration is the process of working with other authorities or agencies to combine buying power and leverage based on higher levels of spend, to gain more favourable pricing and terms from suppliers when procuring goods, works or services.
- 8.3 The Council welcomes partnerships with other agencies which share its community and corporate aims. Therefore, to exploit these, the Council will:
- Include partnership options when undertaking service reviews and other appraisals.
  - Through the EPH and in collaboration with neighbouring authorities develop sub regional and local procurement programmes and combine procurement options for the management of contracts as well as provision of services, works and supplies.
  - Support the voluntary sector to engage with the Council and explore the potential for partnerships with local voluntary sector agencies interested in the provision of services for local people.
  - Explore partnering opportunities with other agencies for significant construction projects.



## 9 CONDUCTING PROCUREMENT ACTIVITY AND RESOURCES

### ***Social Value***

- 9.1 The Social Value Act requires service related procurements over the EU threshold to consider social value. The act requires considerations to be proportionate and relevant to the particular requirement therefore where appropriate, the Council will use the full procurement cycle to consider how to improve the economic, social and environmental well-being of the District.
- 9.2 Considerations can be built in to the procurement process and could include adapting evaluation criteria or a requirement for contractors to support an apprenticeship scheme.

### ***Equality***

- 9.3 Procurement processes and documentation will reflect the Council's Equalities and Diversity Policy.
- 9.4 The Council will work with partners and suppliers to ensure that suppliers are, as a minimum, compliant with the relevant legislation, both at the inception of contracts and through their effective life.

### ***Safeguarding and Health & Safety***

- 9.5 All services commissioned by the Council are required to operate within the requirements of the Council's Safeguarding Children and Vulnerable Adults policy. Where relevant, contractors will need to demonstrate that they meet these requirements.
- 9.6 Procurement activity will be treated proportionately to the health and safety risks which arise from the contract. Potential risks will be assessed and contractors must provide evidence to demonstrate that their organisation actively promotes and manages health and safety.

### ***Sustainability***

- 9.7 Any procurement decision will aim to minimise harm to the environment and to promote conservation of natural resources.

### ***Forward Planning***

- 9.8 Forward Planning, particularly of major expenditure, is essential to maximise the potential savings through efficient and effective procurement.
  - Forward planning will be a key focus within the procurement cycle, particularly within the 'contract management', 'identification of need' and 'analysis of the requirement' stages.
  - Specifications where possible should be output based. Output based specifications will allow greater flexibility of design and support innovation throughout the supply chain.
- 9.9 Planning annual procurement activity in advance will enable the Council to become a more efficient buyer of goods, works and services.

## ***Relationships with Suppliers***

- 9.10 Effective procurement is measured by the outcomes and not by the completion of the process.
- Contracts will be managed throughout their life to ensure that the benefits identified in the business case are delivered. Regular review meetings with incumbent suppliers are crucial in ensuring that set Key Performance Indicators and Service Level Agreements are achieved and maintained.
  - The Council will expand the use of contract management and build on areas of current best practice.
  - Risk registers shall be prepared for all major procurement processes in accordance with the Risk Management Strategy and will be revisited at key milestones in the procurement process and throughout the life of the contract.
  - When suppliers and contractors handle information on behalf of the Council, where possible, we will ensure that equivalent standards are applied or seek to influence our supplier's and contractor's standards.

## ***Data Protection***

- 9.11 The Council will expect Contractors to have appropriate information/data handling policies/procedures in place to handle confidential and commercially sensitive information, including personal and sensitive data, to ensure compliance with the Data Protection Act 1998.
- 9.12 The Council will ensure that all relevant Contracts include provisions relating to the ownership and control of any Intellectual Property created for, during and at the end of a contract.

## ***Information Requests***

- 9.13 Maldon District Council is a relevant authority for the purpose of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. The Council will expect that Contractors will support and assist the Council in discharging its obligations in responding to requests for information.

## ***Our Conduct***

- 9.14 In all our dealings in the procurement process, the Council will preserve the highest standards of honesty, integrity, impartiality and objectivity and shall comply with the Council's Codes of Conduct at all times.
- 9.15 In selecting contractors the Council will generally evaluate offers received on the basis of the most economically advantageous tender (MEAT) and will take into account, where appropriate, whole life costing seeking an appropriate balance between cost and quality.
- 9.16 In any procurement the Council will ensure that its approach to the market is consistent with these principles.

## **10 PERFORMANCE MEASURES AND TARGETS**

- 10.1 Efficiencies gained through the adoption of procurement best practice when monitoring both our existing and future providers in support of overall Value for Money (VFM) can be redistributed to support long term sustainability of front line services.
- 10.2 Projects are monitored through the monitoring of Business Plan progress. Significant projects and exemptions are reported to members.



## APPENDIX C – GLOSSARY OF COMMONLY USED PROCUREMENT TERMS AND ACRONYMS

**Best Value:** Often defined as ‘value for money’, Best Value is the optimum combination of whole life costs and quality to meet the customer’s requirement.  
(Source: Draft Joint note on social issues in purchasing 2005)

**Collaboration:** In this context, public sector organisations that engage in a joint procurement for works, services or supplies with the intention of obtaining better value for money through economies of scale and reduced tendering costs.

**Commissioning:** Commissioning is a broad concept and there are many definitions, the following definition from the Audit Commission perhaps best captures the key elements of the commissioning tasks: *“Commissioning is the process of specifying, securing and monitoring services to meet people’s needs at a strategic level.”*

**Competitive Tendering:** Awarding contracts following a process of obtaining competing tenders.

**Contract:** A binding agreement between two or more parties that is enforceable in law.

**Contract Management:** The activities of a buyer before, during and after a contract period to ensure that all parties to the contract fulfil their contractual obligations. An important aspect of this is managing the relationships between all parties in the most effective way so as to ensure the contract meets the optimum combination of cost, time and quality.  
(Source: Adapted from CIPS definition in the contracts management Knowledge Summary)

**E-Procurement:** is the ability to purchase/sell through electronic trading via the Internet.

**Evaluation:** A detailed assessment and comparison of offers made by the Council in accordance with published criteria of responses to a request for quotations or tenders.

**Framework Agreement:** A framework agreement is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.

**Invitation to Tender (ITT):** A formal document inviting an organisation to tender to provide services or, supply goods to or carry out works for the Council. It will include the instructions for submitting a tender, the specification for the requirement, the criteria against which the tender will be assessed, the proposed terms and conditions for the contract and, sometimes, a business questionnaire.

**Key Performance Indicator (KPI):** KPIs are placed against certain elements of a contract or SLA and indicate the items that are to be measured to see if the contractor has achieved the required contract standard.

**MEAT:** Most Economically Advantageous Tender.

**Method Statement:** A document used in the invitation to quote or to tender which sets out specific questions for the bidder to answer to explain to the Council how a service is to be delivered/works to be carried out. It will be evaluated and form a part of the contract.

**Official Journal of the European Union (OJEU):** The on-line publication in which notices advertising a Council tenders that fall within the EU thresholds must be placed at the start and end of all the procurement.

**Pre-Qualification Questionnaire (PQQ):** A document asking the tenderer to provide information about his/her business and experience. Most commonly used in EU level procurements.

**Procurement:** Often used interchangeably with Purchasing. Procurement is the totality of acquisition starting from the identification of a requirement to the disposal of that requirement at the end of its life. It therefore includes pre-contract activities e.g. sourcing and post contract activities e.g. contract management, supplier relationship management activities. Procurement generally relates to goods, works and service(s) requirements.

**Public Procurement Directives:** The EU procurement Directives set out the legal framework for public procurement. They apply when public authorities and utilities seek to acquire goods, services, and works. They set out procedures which must be followed before awarding a contract when its value exceeds set thresholds.

**Quotation:** An offer by a supplier to supply goods or services or to carry out works requested either orally or in writing.

**Regulations:** The Public Contracts Regulations 2006 that implement the various EU Procurement Directives

**Risk Management:** Involves three key activities, risk analysis, risk assessment, and risk mitigation, all of which facilitate the taking of decisions and actions to control risk appropriately by providing a disciplined and objective approach.

(Source: [www.cips.org](http://www.cips.org) Knowledge Summary on risk management)

**SME:** In this context Small and Medium Enterprises (businesses).

**Specification/Statement of Requirements:** A description of the requirements for the service or of the service to be provided.

**Supplier Relationship Management:** (SRM) is the discipline of strategically planning for, and managing all interactions with contractors that supply goods and/or services in order to increase the value of those interactions. In practice, SRM entails creating closer, more collaborative relationships with key suppliers in order to uncover new value and reduce risk.

**Tender:** The offer submitted by the tenderer in response to the Invitation to Tender.

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# MALDON DISTRICT COUNCIL

## *Contract Procedure Rules*

Draft September 2017



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All costs stated in these contract procedure rules are exclusive of VAT, Staff **costs** and fees. Terms appearing in the definitions appendix are ***italicised***.

## A BRIEF GUIDE TO CONTRACT PROCEDURE RULES

These contract procedure rules (issued in accordance with section 135 of the 1972 Local Government Act) are intended to promote good purchasing practice and public accountability and deter corruption. Following the rules is the best defence against allegations that a purchase has been made incorrectly or fraudulently.

Officers responsible for purchasing or disposal must comply with these contract procedure rules when undertaking Procurement on behalf of the Council. Council employees and third party service providers have a duty to report breaches of Contract Procedure Rules to an appropriate senior manager and the Monitoring Officer.

These rules apply to all relevant contracts.

These rules apply to Officers and Members.

~~They lay down minimum requirements and a more thorough procedure may be appropriate for a particular contract. (For example, if Rule 8.1 would normally require that quotes be obtained, it might be appropriate in particular circumstances to seek additional quotations in writing or tender submissions. Equally, it may not always be appropriate to make use of an exemption under Rule 3 even if one might apply or be granted.)~~

For the purposes of these rules, where there is a requirement for communication to be in writing, this shall be deemed to include e-mail and fax transmissions as well as hard copy.

- Follow the rules if you purchase goods or services or order building work.
- Take all necessary legal, financial and professional advice.
- Declare any personal financial interest in a contract. Corruption is a criminal offence.
- Conduct any *Best Value* review and appraise the purchasing need.
- Check whether there is an existing *Corporate Contract* you can make use of before undergoing a competitive process.
- Normally allow at least four weeks for submission of bids (not to be submitted by fax or e-mail).
- Keep bids confidential.
- Complete a written contract or council order before the supply or works begin.
- Identify a contract manager with responsibility for ensuring the contract delivers as intended.
- Keep records of dealings with suppliers.
- Assess each contract afterwards to see how well it met the purchasing need and *Value for Money* requirements.

In accordance with the *Constitution*, the *Director of Resources* shall have the power to make amendments from time to time to these contract procedure rules after consultation with the Solicitor/Monitoring Officer.

## SECTION 1: SCOPE OF CONTRACT PROCEDURE RULES

### 1. BASIC PRINCIPLES

All purchasing and disposal procedures must:

- ~~Achieve Best Value for public money spent~~ Ensure value for money and propriety in spending of public money; be consistent with the highest standards of integrity
- ~~Be consistent with the highest standards of integrity~~
- ~~Ensure fairness in allocating public contracts~~
- ~~Comply with all legal requirements~~ consider all necessary procurement, legal, financial and professional advice
- Comply with all legal requirements and these rules
- Ensure that the Council is not exposed to unnecessary risk and likelihood of challenge arising from non-compliant procurement activity
- Consider and incorporate necessary health and safety, inclusion and diversity, and safeguarding children and vulnerable adults requirements.
- Not be influenced by Non-Commercial considerations other than those permitted by law.
- Comply with the Council's Procurement Strategy.
- ~~Ensure that Non-commercial Considerations do not influence any Contracting Decision~~
- Support the council's corporate and departmental objectives, plan aims and policies
- ~~Comply with the council's corporate Procurement Strategy and competition policy.~~

### 2. OFFICER RESPONSIBILITIES

#### 2.1 Officers

- 2.1.1 Officers responsible for purchasing or disposal must comply with these contract procedure rules, *Financial Regulations*, the Code of Conduct and with all UK and European Union binding legal requirements. Officers must ensure that any *Agents*, *Consultants* and contractual partners acting on their behalf also comply.

All officers should undertake procurement in a manner which avoids any potential conflicts of interest.

- 2.1.2 Officers must:

- *Obtain all appropriate authorisations and check that appropriate budget provisions exist before procurement*
- Have regard to the guidance in the *Purchasing Guidance*
- Check whether a suitable *Corporate Contract* exists before seeking to let another contract; where a suitable *Corporate Contract* exists, this must be

used unless there is an auditable reason not to keep the records required by Rule 6

- Take all necessary legal, financial and professional advice.

2.1.3 When any employee either of the authority or of a service provider may be affected by any transfer arrangement, *Officers* must ensure that the Transfer of Undertaking (Protection of Employment) (*TUPE*) issues are considered and obtain legal advice before proceeding with inviting *Tenders* or *Quotations*.

## **2.2 Directors**

2.2.1 *Directors* must:

- Ensure that their staff comply with Rule 2.1 Keep registers of: Contracts Completed by signature, rather than by the council's seal (see Rule 16.3)
- Arrange their safekeeping on council premises exemptions recorded under Rule 3.2.
- Ensure that where exemptions are obtained under section 3 that they are recorded and stored.

### 3. EXEMPTIONS, COLLABORATIVE AND E-PROCUREMENT ARRANGEMENTS

- 3.1 The council has the power to waive any requirements within these contract procedure rules for specific projects.
- 3.2 Where a proposed contract is likely to exceed the European Union (*EU*) *Threshold*, *Directors* have no delegated powers and the matter has to be determined by the council (see Rule 3.1). No exemption can be used if the EU Procedure applies or if the Total Value exceeds £24,999.
- 3.3 Where an exemption is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to council services, the *Officer* and the *Director of Resources* may jointly approve the exemption but they must prepare a report for the next Finance and Corporate Services Committee to support the action taken.
- 3.4 All exemptions, and the reasons for them, must be recorded using the form in the *Purchasing Guidance*. Exemptions shall be signed by the *Officer* and countersigned by the *Director of Resources* and where appropriate the Chairman of the Finance & Corporate Services Committee.
- 3.5 The *Director of Resources* must be consulted prior to commencing any procurement process using Office of Government Commerce (OGC) Buying Solutions Contracts. The terms and conditions of contract applicable to any OGC arrangement, including the requirement to undertake competition between providers, must be fully complied with.
- 3.6 *Financial Officers* must monitor the use of all exemptions.
- 3.7 In order to secure *Value for Money*, the authority may enter into collaborative procurement arrangements. The *Officer* must consult the *Director of Resources* and the *Solicitor/Monitoring Officer* where the purchase is to be made using collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium.
  - 3.7.1 All purchases made via a local authority purchasing consortium are deemed to comply with these contract procedure rules and no exemption is required. However, purchases above the *EU Threshold* must be let under the *EU Procedure*, unless the consortium has satisfied this requirement already by letting their contract in accordance with the *EU Procedures* on behalf of the authority and other consortium members.
  - 3.7.2 Any contracts entered into through collaboration with other local authorities or other public bodies, where a competitive process has been followed that complies with the contract procedure rules of the leading organisation, will be deemed to comply with these contract procedure rules and no exemption is required. However, advice must be sought from the *Resources Directorate*.
- 3.8 The use of e-procurement technology does not negate the requirement to comply with all elements of these contract procurement rules, particularly those relating to competition and *Value for Money*.

## 4. RELEVANT CONTRACTS

4.1 All *Relevant Contracts* must comply with these contract procedure rules. A *Relevant Contract* is any arrangement made by, or on behalf of, the authority for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- The supply or disposal of goods;
- The hire, rental or lease of goods or equipment;
- The delivery of services, including (but not limited to) those related to:
  - The recruitment of staff
  - Land and property transactions
  - Financial and Consultancy Services

4.2 ***Relevant Contracts do not include:***

- Contracts of employment which make an individual a direct employee of the authority, or
- Agreements regarding the acquisition, disposal, or transfer of land (for which *Financial Regulations* shall apply).

### 4.3 CONTRACT VALUE CALCULATION

Contract value means the estimated aggregate or recurring value payable in pounds sterling exclusive of Value Added Tax over the entire contract period including any extensions of the contract.

Where the contract term without fixed length the estimated value of the contract should be calculated by monthly value of spend multiplied by 48 in accordance with Regulation 8 of the EU regulations.

Contracts must not be artificially underestimated or disaggregated into two or more separate contracts where the effect is to avoid the application of Contract Procedure Rules or English Law.

Where a framework agreement is planned the contract value must be calculated to include the total value of all of the individual contract arrangements envisaged under the Framework Agreement.

### 4.4 EXTENSIONS AND VARIATIONS

Contracts may only be extended or varied if all of the following conditions have been met - the extension or variation is in accordance with the terms and conditions of the existing contract;

the contract has not been extended before the extension or variation has an approved budget allocation;

For advice regarding acceptance thresholds for contract extensions and variations please contact the Director of Resources.

## SECTION 2: COMMON REQUIREMENTS

## 5. STEPS PRIOR TO PURCHASE

- 5.1 The *Officer* must appraise the purchase, in a manner commensurate with its complexity and value and taking into account any guidance in the *Purchasing Guidance*, by:
- Taking into account the requirements from any relevant *Best Value* review appraising the need for the expenditure and its priority defining the objectives of the purchase.
  - Assessing the risks associated with the purchase and how to manage them considering what procurement method is most likely to achieve the purchasing objectives, including internal or external sourcing, partnering, packaging strategy and collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium.
  - Consulting users as appropriate about the proposed procurement method, contract standards and performance and user satisfaction monitoring.
  - Drafting the terms and conditions that are to apply to the proposed contract setting out these matters in writing if the *Total Value* of the purchase exceeds £50,000
- 5.2 And by confirming that:
- There is Council or delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation as set out in the *Constitution*

## 6. RECORDS (ACQUISITIONS AND DISPOSALS)

- 6.1 Where the *Total Value* is greater than £500 but less than £50,000, the following records must be kept:
- Invitations to quote and *Quotations*;
  - A record:
    - of any exemptions and the reasons for them;
    - of the reason if the lowest price is not accepted.
  - Written records of communications with the successful contractor or an electronic record if a written record of the transaction would normally not be produced.
- 6.2 Where the *Total Value* exceeds £50,000 the *Officer* must record:
- The method for obtaining bids (see Rule 8.1);
  - Any *Contracting Decision* and the reasons for it;
  - Any exemption under Rule 3 together with the reasons for it;
  - The *Award Criteria* in descending order of importance;
  - *Tender* documents sent to and received from *Candidates*;
  - Pre-tender market research;
  - Clarification and post-tender negotiation (to include minutes of meetings);
  - The contract documents;
  - Post-contract evaluation and monitoring;
  - Communications with *Candidates* and with the successful contractor throughout the period of the contract.



- 6.3 Records required by this rule must be kept for six years after the end of the contract. However, written documents which relate to unsuccessful *Candidates* may be electronically scanned or stored by some other suitable method after 12 months from award of contract, provided there is no dispute about the award.

## 7. ADVERTISING, APPROVED LISTS AND FRAMEWORK AGREEMENTS

### 7.1 Identifying and Assessing Potential Candidates

- 7.1.1 *Officers* shall ensure that, where proposed contracts, irrespective of their *Total Value*, might be of interest to potential *Candidates* located in other member states of the EU, a sufficiently accessible advertisement is published.
- 7.1.2 Generally, the greater the interest of the contract to potential bidders from other member states, the wider the coverage of the advertisement should be. Examples of where such advertisements may be placed include:
- The council's website
  - Portal websites specifically created for contract advertisements (all contracts with a Total Value exceeding £24,999 must be advertised on the Contracts Finder website)
  - National official journals,
- or
- The Official Journal of the European Union (OJEU) / Tenders Electronic Daily (TED) (even if there is no requirement within the *EU Procedure*).
- 7.1.3 *Officers* are responsible for ensuring that all *Candidates* for a *Relevant Contract* are suitably assessed. The assessment process shall establish that the potential *Candidates* have sound:
- Economic and financial standing;
  - Technical ability and capacity to fulfil the requirements of the authority.

### ~~7.2 Approved Lists (for contracts with a Total value not exceeding £24,999)~~

- ~~7.2.1 Approved Lists should be used where recurrent transactions of a similar type are likely but where such transactions need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise. Approved Lists cannot be used where the EU Procedure applies.~~
- ~~7.2.2 Directors may draw up in consultation with the Resources Directorate:~~
- ~~• Approved Lists of persons ready to perform contracts to supply goods or services of particular types including without limitation on the basis of agreed contract terms criteria for Short-listing from the lists.~~
- ~~7.2.3 No person may be entered on an Approved List until there has been an adequate investigation into both their financial and their technical ability to perform the contract, unless such matters will be investigated each time bids are invited from that list.~~
- ~~7.2.4 Approved Lists must be drawn up after an advertisement inviting applications for inclusion on the list. The advertisement must be placed to secure the widest publicity among relevant suppliers throughout all member states of the EU. Persons may be~~

~~entered on a list between the initial advertisement and re-advertisement provided the requirements of Rule 7.2.3 are met.~~

~~7.2.5 The list and *Short-listing* criteria must be reviewed at least annually and re-advertised at least every three years. On re-advertisement, a copy of the advertisement must be sent to each person on the list, inviting them to reapply. Review means:~~

~~The re-assessment of the financial and technical ability and performance of those persons on the list, unless such matters will be investigated each time bids are invited from that list;~~

~~The deletion of those persons no longer qualified, with a written record kept justifying the deletion.~~

~~7.2.6 All *Approved Lists* shall be maintained in an open, fair and transparent manner and be open to public inspection.~~

~~7.2.7 A register of pre-qualified contractors and *Consultants* maintained by or on behalf of central government (e.g. Construction line) will be deemed to be an *Approved List* for the purpose of these contract procedure rules and shall not be subject to the requirements of Rules 7.2.2 to 7.2.6 inclusive.~~

### 7.3 Framework Agreements

7.3.1 The term of a *Framework Agreement* must not exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.

7.3.2 Contracts based on *Framework Agreements* may be awarded by either:

- applying the terms laid down in the *Framework Agreement* (where such terms are sufficiently precise to cover the particular call-off) without reopening competition, or
- where the terms laid down in the *Framework Agreement* are not precise enough or complete for the particular call-off, by holding a mini competition in accordance with the following procedure:
- inviting the organisations within the *Framework Agreement* that are capable of executing the subject of the contract to submit written *Tenders*;
  - fixing a time limit which is sufficiently long to allow *Tenders* for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract;
  - awarding each contract to the tenderer who has submitted the best *Tender* on the basis of the *Award Criteria* set out in the specifications of the *Framework Agreement*.

## SECTION 3: CONDUCTING PURCHASE AND DISPOSAL

### 8. COMPETITION REQUIREMENTS FOR PURCHASE, DISPOSAL AND PARTNERSHIP ARRANGEMENTS

The *Officer* must calculate the *Total Value*.

The following procedures apply where there are no other procedures which take precedence. Other procedures may include agency agreements with government. If in doubt, *Officers* must seek the advice of the Director of Resources.

#### 8.1 Purchasing – Competition Requirements

- 8.1.1 Where the *Total Value* for a purchase is within the values in the first column below, the *Award Procedure* in the second column must be followed. *Short-listing* shall be done by the persons specified in the third column.

Total Value	Award Procedure	Short listing
Up to £5,000	At least one and preferably up to three <i>Quotations</i> . (confirmed in writing where the <i>Total Value</i> exceeds £500)	<i>Officer</i>
£5,001 to £24,999	The Receipt of three written <i>Quotations</i> (this requirement may be waived with the written consent of the <i>Director of Resources</i> in consultation with the Chairman of the Finance & Corporate Services Committee).	<i>Officer and Line Manager</i>
£25,000 to £50,000	<i>Quotations</i> sought by advertisement on Contracts Finder	<i>Officer and Line Manager</i>
£50,001 to <i>EU Threshold</i>	<i>Invitation to Tender</i> by advertisement on Contracts Finder	<i>Officer, Line Manager and Director</i>
<i>Above EU Threshold</i>	<i>EU Procedure</i> or, where this does not apply, <i>Invitation to Tender</i> by advertisement on Contracts Finder	Consult the <i>Essex Procurement Hub</i> – see Rule 8.1.4

- 8.1.2 Where it can be demonstrated that there are insufficient suitably qualified *Candidates* to meet the competition requirement, all suitably qualified *Candidates* must be invited.
- 8.1.3 An *Officer* must not enter into separate contracts nor select a method of calculating the *Total Value* in order to minimise the application of these contract procedure rules.
- 8.1.4 Where the *EU Procedure* is required, the *Officer* shall consult the *Essex Procurement Hub* to determine the method of conducting the purchase.

## 8.2 Assets for Disposal

- 8.2.1 Assets for disposal must be sent to public auction (including electronic auction sites such as eBay) except where better *Value for Money* is likely to be obtained by inviting *Quotations* and *Tenders*. (These may be invited by advertising on the council's internet site.) In the latter event, the method of disposal of surplus or obsolete stocks/stores or assets other than land must be formally agreed with the *Director of Resources*.
- 8.2.2 In the first instance surplus vehicles, plant and equipment should be offered to Parish Council's within the District at a fair price (sold as seen) agreed by the *Director of Resources* in consultation with the relevant *Director*.

## 8.3 Providing Services to External Purchasers

- 8.3.1 The *Director of Resources* and *Financial Regulations and procedures* must be consulted where contracts to work for organisations other than the authority are contemplated.

## 8.4 Collaborative and Partnership Arrangements

- 8.4.1 Collaborative and partnership arrangements are subject to all UK and EU procurement legislation and must follow these contract procedure rules.
- 8.4.2 If in doubt, *Officers* must seek advice of the *Essex Procurement Hub*.

## 8.5 The Appointment of Consultants to Provide Services

- 8.5.1 Consultant architects, engineers, surveyors and other professional *Consultants* shall be selected and commissions awarded in accordance with the procedures detailed within these contract procedure rules and as outlined below.

Total Value	Award Procedure	Short listing
Up to £5,000	At least one and preferably up to three <i>Quotations</i> . (confirmed in writing where the <i>Total Value</i> exceeds £500)	<i>Officer</i>
£5,001 to £24,999	The receipt of three written <i>Quotations</i> (This requirement may be waived with the written consent of the <i>Director of Resources</i> in consultation with the Chairman of the Finance and Corporate Services Committee).	<i>Officer and Line Manager</i>
£25,000 to £50,000	<i>Quotations</i> sought by advertisement on Contracts Finder	<i>Officer and Line Manager</i>
£50,001 to EU Threshold	<i>Invitation to Tender</i> by advertisement on Contracts Finder	<i>Officer, Line Manager and Director</i>
Above EU Threshold	<i>EU Procedure</i> or, where this does not apply, <i>Invitation to Tender</i> by advertisement on Contracts Finder	Consult the <i>Essex Procurement Hub</i> – see Rule 8.1.4

- 8.5.2 The engagement of a *Consultant* shall follow the agreement of a brief that adequately describes the scope of the services to be provided and shall be subject to completion of a formal letter or contract of appointment.
- 8.5.3 Records of consultancy appointments shall be maintained in accordance with Rule 6.
- 8.5.4 *Consultants* shall be required to provide evidence of, and maintain professional indemnity insurance policies to the satisfaction of the relevant *Director* for the periods specified in the respective agreement.

## **9. PRE-TENDER MARKET RESEARCH AND CONSULTATION**

- 9.1 The *Officer* responsible for the purchase:
- May consult potential suppliers prior to the issue of the *Invitation to Tender* in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any potential *Candidate*
  - Must not seek or accept technical advice on the preparation of an *Invitation to Tender* or *Quotation* from anyone who may have a commercial interest in them, if this may prejudice the equal treatment of all potential *Candidates* or distort competition, and should seek advice from the *Essex Procurement Hub*.

## **10. STANDARDS AND AWARD CRITERIA**

- 10.1 The *Officer* must ascertain what are the relevant British, European or international standards which apply to the subject matter of the contract. The *Officer* must include those standards which are necessary properly to describe the required quality. The *Director* must be consulted if it is proposed to use standards other than European standards.
- 10.2 The *Officer* must define *Award Criteria* that are appropriate to the purchase and designed to secure an outcome giving *Value for Money* for the authority. The basic criteria shall be:
- 'Lowest price' where payment is to be made by the authority;
  - 'Highest price' if payment is to be received; or
  - 'Most economically advantageous', where considerations other than price also apply.

If the last criterion is adopted, it must be further defined by reference to sub-criteria which may refer only to relevant considerations.

These may include price, service, quality of goods, running costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, after-sales services, technical assistance and any other relevant matters.

**10.3 Award Criteria must not include:**

- *Non-commercial Considerations*
- Matters which discriminate against suppliers from the *European Economic Area* or signatories to the *Government Procurement Agreement*.

**11. INVITATIONS TO TENDER / QUOTATIONS**

11.1 The *Invitation to Tender* shall state that no *Tender* will be considered unless it is received by the date and time stipulated in the *Invitation to Tender*. No *Tender* delivered in contravention of this clause shall be considered.

**11.2 All *Invitations to Tender* shall include the following:**

- (a) A specification that describes the authority's requirements in sufficient detail to enable the submission of competitive offers.
- (b) A requirement for tenderers to declare that the *Tender* content, price or any other figure or particulars concerning the *Tender* have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose).
- (c) A requirement for tenderers to complete fully and sign all *Tender* documents including a form of *Tender* and certificates relating to canvassing and non-collusion.
- (d) Notification that *Tenders* are submitted to the council on the basis that they are compiled at the tenderer's expense.
- (e) A description of the *Award Procedure* and, unless defined in a prior advertisement, a definition of the *Award Criteria* in objective terms and if possible in descending order of importance.
- (f) Notification that no *Tender* will be considered unless it is enclosed in a sealed envelope or container which bears the word '*Tender*' followed by the subject to which it relates, but no other name or mark indicating the sender. Proforma *Tender* labels are available from the Committee Services Office. (Refer to TENDERS AND QUOTATIONS – procedure note).
- (g) A stipulation that any *Tenders* submitted by fax or other electronic means shall not be considered with the exception of the Council's electronic tender portal.
- (h) The method by which any arithmetical errors discovered in the submitted *Tenders* is to be dealt with. In particular, whether the overall price prevails over the rates in the *Tender* or vice versa.

11.3 All *Invitations to Tender* or *Quotations* must specify the goods, service or works that are required, together with the terms and conditions of contract that will apply (see Rule 16).

11.4 The *Invitation to Tender* or *Quotation* must state that the council is not bound to accept any *Quotation* or *Tender*.



- 11.5 All *Candidates* invited to *Tender* or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis. For contracts with a *Total Value* exceeding £24,999, documentation will need to be uploaded to Contracts Finder at the time of publishing the notice.

## **12. SHORTLISTING**

- 12.1 Any *Shortlisting* must have regard to the financial and technical standards relevant to the contract and the *Award Criteria*. Special rules apply in respect of the *EU Procedure*.
- 12.2 The officers responsible for *Shortlisting* are specified in Rule 8.1.1.
- 12.3 Where *Approved Lists* are used, *Shortlisting* may be done by the *Officer* in accordance with the *Shortlisting* criteria drawn up when the *Approved List* was compiled (see Rule 7.2.2). However, where the *EU Procedure* applies, *Approved Lists* may not be used.

## **13. SUBMISSION, RECEIPT AND OPENING OF TENDERS/QUOTATIONS**

- 13.1 *Candidates* must be given an adequate period in which to prepare and submit a proper *Quotation* or *Tender*, consistent with the complexity of the contract requirement. For contracts with a *Total Value* exceeding £24,999, the minimum term for receipt of tenders or quotations from the date advertised is 35 calendar days. The *EU Procedure* lays down specific time periods (see guidance in the *Purchasing Guidance*).
- 13.2 All *Tenders* must be returned to the *Director of Resources*.
- 13.3 *Tenders* received by fax or other electronic means (e.g. email) must be rejected, unless they have been sought in accordance with an electronic tendering system approved by the *Director of Resources*.
- 13.4 The *Officer* must not disclose the names of *Candidates* to any staff involved in the receipt, custody or opening of *Tenders*.
- 13.5 The *Director of Resources* shall be responsible for the safekeeping of *Tenders* until the appointed time of opening. Each *Tender* must be: Suitably recorded so as to subsequently verify the date and precise time it was received adequately protected immediately on receipt to guard against amendment of its contents recorded immediately on receipt in the *Tender Record Log*.
- 13.6 The *Director of Resources* must ensure that all *Tenders* are opened at the same time when the period for their submission has ended. Members will be made aware of the opening arrangements should they wish to observe the process. The *Officer* or his or her representative must be present. *Tenders* must be opened in the presence of two officers representing the *Director of Resources*, neither of whom can be the *Officer*. Where the *Total Value* is more than the *EU Threshold*, one must be the *Director of Resources* or Officer designated by the *Director of Resources*.
- 13.7 Upon opening, a summary of the main terms of each *Tender* (i.e. significant issues that are unique to each *Tender* submission and were not stated in the *Tender* invitation documents such as *Tender* sum, construction period, etc.) must be recorded in the *Tender Record Log*. The summary must be initialled on behalf of the *Director of Resources*.

## 14. CLARIFICATION PROCEDURES AND POST-TENDER NEGOTIATION

- 14.1 Providing clarification of an *Invitation to Tender* to potential or actual *Candidates* or seeking clarification of a *Tender*, whether in writing or by way of a meeting, is permitted. However, discussions with tenderers after submission of a *Tender* and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post-tender negotiations) must be the exception rather than the rule. In particular, they must not be conducted in an *EU Procedure* where this might distort competition, especially with regard to price.
- 14.2 If post-tender negotiations are necessary after a single-stage *Tender* or after the second stage of a two-stage *Tender*, then such negotiations shall only be undertaken with the tenderer who is identified as having submitted the best *Tender* and after all unsuccessful *Candidates* have been informed. During negotiations tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the *Tender* documents. *Officers* appointed by the relevant Director to carry out post-tender negotiations should ensure that there are recorded minutes of all negotiation meetings and that both parties agree actions in writing.
- 14.3 Post-tender negotiation must only be conducted in accordance with the guidance issued by the Solicitor who, together with the *Director of Resources*, must be consulted wherever it is proposed to enter into post-tender negotiation. Negotiations must be conducted by a team of at least two *Officers*, one of whom must be from a service independent to that leading the negotiations.
- 14.4 Where post-tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered.

## 15. EVALUATION, AWARD OF CONTRACT, & DEBRIEFING CANDIDATES

- 15.1 Apart from the debriefing required or permitted by these contract procedure rules, the confidentiality of *Quotations*, *Tenders* and the identity of *Candidates* must be preserved at all times and information about one *Candidate's* response must not be given to another *Candidate*.
- 15.2 Contracts must be evaluated and awarded in accordance with the *Award Criteria*. During this process, *Officers* shall ensure that submitted *Tender* prices are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily.
- 15.3 The arithmetic in compliant *Tenders* must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their *Tender*. Alternatively, if the rates in the *Tender*, rather than the overall price, were stated within the *Tender* invitation as being dominant, an amended *Tender* price may be requested to accord with the rates given by the tenderer.
- 15.4 *Officers* may accept *Quotations* and *Tenders* received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules and, in respect of proposed contracts that are



expected to exceed £250,000, the approval of the relevant Committee has been secured.

- 15.5 For tenders up to the EU threshold it is best practice to inform all tenderers of the intention to award and give unsuccessful tenderers an opportunity to request feedback on their submission.
- 15.6 The *Officer* shall debrief in writing all those *Candidates* who submitted a bid about the characteristics and relative advantages of the leading bidder. No information, other than the following, should be given without taking the advice of the Solicitor:
1. How the *Award Criteria* were applied
  2. The prices or range of prices submitted, in either case not correlated to
  3. *Candidates'* names
  4. The names of *Candidates* where there were three or more *Candidates*.
- 15.7 If a *Candidate* requests in writing the reasons for a *Contracting Decision*, the *Officer* must give the reasons in writing within 15 days of the request. If requested, the *Officer* may also give the debriefing information at Rule 15.6 above to *Candidates* who were deselected in a pre-tender *Shortlisting* process.

## SECTION 4: CONTRACT AND OTHER FORMALITIES

### 16. CONTRACT DOCUMENTS

#### 16.1 Relevant Contracts

16.1.1 All *Relevant Contracts* that exceed £50,000 shall be in writing.

16.1.2 All *Relevant Contracts*, irrespective of value, shall clearly specify:

- what is to be supplied (i.e. the works, materials, services, matters or things to be furnished, had or done);
- the provisions for payment (i.e. the price to be paid and when);
- the time, or times, within which the contract is to be performed;
- the provisions for the council to terminate the contract.

16.1.3 The council's order form (electronic order system) or standard terms and conditions issued by a relevant professional body must be used wherever possible.

16.1.4 In addition, every *Relevant Contract* of purchase over £50,000 must also state clearly as a minimum:

- that the contractor may not assign or sub-contract without prior written consent;
- any insurance requirements;
- health and safety requirements;
- ombudsman requirements;
- data protection requirements, if relevant;
- that charter standards are to be met if relevant;
- race relations requirements;
- Disability Discrimination Act requirements;
- Freedom of Information Act requirements;
- where *Agents* are used to let contracts, that *Agents* must comply with the council's contract procedure rules;
- a right of access to relevant documentation and records of the contractor for monitoring and audit purposes if relevant.

16.1.5 The formal advice of the Solicitor must be sought for the following contracts:

- where the Total Value exceeds EU Threshold;
- those involving leasing arrangements;
- where it is proposed to use a supplier's own terms;
- those involving the purchase of application software with a Total Value of more than £50,000;
- those that are complex in any other way.

## 16.2 Contract Formalities

16.2.1 Agreements (Contracts and Orders) shall be completed as follows:

Total Value	Method of Completion	By
Up to £5,000	Electronic order	<i>Authorised buyer</i> (see Rule 16.2.3)
£5,001 to £50,000	Electronic order	<i>Authorised Buyer</i> approved by <i>Line Manager</i> (see Rule 16.2.3)
Above £50,001	Signature on written contract	<i>Director or Head of Paid Service</i> (see Rule 16.2.3)

16.2.2 All contracts must be concluded in writing or by email before the supply, service or construction work begins.

16.2.3 The *Officer* responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

16.2.4 All contract documents must be placed in the central repository in accordance with *Financial Regulations*.

## 16.3 Sealing

16.3.1 Where contracts are completed by each side adding their formal seal, such contracts shall be signed in accordance with the Council's Standing Orders (*Chief Executive* or Deputy and a *Member*).

16.3.2 Every council sealing will be consecutively numbered, recorded and signed by the person witnessing the seal.

16.3.3 A contract must be sealed where:

- the Council may wish to enforce the contract more than six years after its end;
- the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services.

**17. BONDS AND PARENT COMPANY GUARANTEES**

17.1 The *Officer* must consult the *Director of Resources* about whether a *Parent Company Guarantee* is necessary when a *Candidate* is a subsidiary of a parent company and:

- the *Total Value* exceeds £250,000; or
- award is based on evaluation of the parent company; or
- there is some concern about the stability of the *Candidate*.

17.2 The *Officer* must consult the *Director of Resources* about whether a *Bond* is needed:

- where the *Total Value* exceeds £250,000, or
- where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the *Candidate*.

**18. PREVENTION OF CORRUPTION**

18.1 The *Officer* must comply with the *Code of Conduct* and must not invite or accept any gift or reward in respect of the award or performance of any contract. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime under the statutes referred to in Rule 18.2 below.

18.2 The following clause **must** be put in every written Council contract:

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

- (a) *offer, give or agree to give to anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done), or*
- (b) *commit an offence under the Prevention of Corruption Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972, or*
- (c) *commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors or employees. Any clause limiting the Contractor’s liability shall not apply to this clause.”*

**19. DECLARATION OF INTERESTS**

19.1 If it comes to the knowledge of a member or an employee of the authority that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the Council, he or she shall immediately give written notice to the *Chief Executive*. The *Chief Executive* shall report such declarations to the appropriate *Committee*.

19.2 Such written notice is required irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.

- 19.3 A shareholding in a body not exceeding a total nominal value of £1,000 or 1% of the nominal value of the issued share capital (whichever is the less) is not a pecuniary interest for the purposes of this standing order.
- 19.4 The *Monitoring Officer* shall maintain a record of all declarations of interests notified by members and *Officers*.
- 19.5 The *Chief Executive* shall ensure that the attention of all members is drawn to the National Code of Local Government Conduct.

## **SECTION 5: CONTRACT MANAGEMENT**

### **20. MANAGING CONTRACTS**

- 20.1 *Directors* in sponsoring departments are to name contract managers for all new contracts. All contracts must have a named council contract manager for the entirety of the contract.
- 20.2 Contract Managers must follow the procedures set out in the council's *Purchasing Guidance*.

### **21. RISK ASSESSMENT AND CONTINGENCY PLANNING**

- 21.1 A business case must be prepared for all procurements with a potential value over the *EU Threshold*. Provision for resources for the management of the contract, for its entirety, must be identified in the business case.
- 21.2 For all contracts with a value of over £50,000, contract managers must:
- maintain a risk register during the contract period;
  - undertake appropriate risk assessments and for identified risks;
  - ensure contingency measures are in place.

### **22. CONTRACT MONITORING, EVALUATION AND REVIEW**

- 22.1 All contracts which have a value higher than the *EU Threshold* limits, or which are *High Risk*, are to be subject to monthly formal review with the contractor. The review may be conducted quarterly if permitted by the *Director of Resources*.
- 22.2 For all contracts with a value higher than the *EU Threshold* limits, or which are *High Risk*, an annual report must be submitted to the relevant Committee.
- 22.3 The Council's approved *project management methodology* must be applied to all contracts deemed to be *High Risk*, *High Value*, or *High Profile*.
- 22.4 During the life of the contract, the *Officer* must monitor in respect of:
- performance;

- compliance with specification and contract cost;
- any *Value for Money* requirements;
- user satisfaction and risk management.

22.5 Where the *Total Value* of the contract exceeds £250,000, the *Officer* must make a written report to the relevant Committee evaluating the extent to which the purchasing need and the contract objectives (as determined in accordance with Rule 5.2) were met by the contract. This should be done normally when the contract is completed. Where the contract is to be re-let, a provisional report should also be available early enough to inform the approach to re-letting of the subsequent contract.

## DEFINITIONS APPENDIX

<b>Agent</b>	A person or organisation acting on behalf of the council or on behalf of another organisation.
<b>Approved Buyer</b>	<i>Officer</i> Designated by a <i>Director</i> who is authorised to generate electronic orders on behalf of the Council.
<b>Approved List</b>	A list drawn up in accordance with Rule 7.2.
<b>Award Criteria</b>	The criteria by which the successful <i>Quotation</i> or <i>Tender</i> is to be selected (see further Rules 10 and 11.2e).
<b>Award Procedure</b>	The procedure for awarding a contract as specified in Rules 8, 10 and 15.
<b>Best Value</b>	The duty, which Part I of the Local Government Act 1999 places on local authorities, to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness as implemented by the council. This terminology has now in many instances been superseded by <i>Value for Money</i> .
<b>Bond</b>	An insurance policy: if the contractor does not do what it has promised under a contract with the council, the council can claim from the insurer the sum of money specified in the bond (often 10% of the contract value). A bond is intended to protect the council against a level of cost arising from the contractor's failure.
<b>Candidate</b>	Any person who asks or is invited to submit a <i>Quotation</i> or <i>Tender</i> .
<b>Chief Executive</b>	The Council's <i>Head of Paid Service</i> has defined in the <i>Constitution</i> .
<b>Chief Finance Officer</b>	The Officer Designated Chief Finance Officer (Section 151 Officer) by the Council.
<b>Code of Conduct</b>	The code regulating conduct of <i>Officers</i> issued by the <i>Chief Executive</i> .
<b>Committee</b>	A Committee which has power to make decisions for the Council, for example a joint Committee with another local authority, but not the scrutiny Committee.
<b>Commissioning &amp; Procurement Strategy</b>	The document setting out the council's approach to commissioning and procurement, setting out key priorities for the next few years.
<b>Constitution</b>	The constitutional document approved by the council which: <ul style="list-style-type: none"> <li>• allocates powers and responsibility within the council and between it and others;</li> <li>• delegates authority to act to the <i>Committees</i>, and</li> </ul>

*Officers;*

- regulates the behaviour of individuals and groups through rules of procedure, codes and protocols.

**Consultant**

Someone employed for a specific length of time to work to a defined project brief with clear outcomes to be delivered, who brings specialist skills or knowledge to the role, and where the council has no ready access to employees with the skills, experience or capacity to undertake the work.

**Contracting Decision**

Any of the following decisions:

- composition of *Approved Lists*;
- withdrawal of *Invitation to Tender*;
- whom to invite to submit a *Quotation* or *Tender*;
- *Shortlisting*;
- award of contract;
- any decision to terminate a contract.

**Corporate Contract**

A contract let by the *Council* to support the council's aim of achieving *Value for Money*.

**Director**

One of three Directors responsible for operational delivery of services and designated as such in the *constitution*

**Director of Resources**

Director responsible for financial and procurement activities and internal audit

**Essex Procurement Hub**

The council's central procurement partner charged with providing strategic direction and advice to secure *Value for Money* in the Council's procurement activities. The hub also has EU regulations legal expertise.

**EU Procedure**

The procedure required by the EU where the *Total Value* exceeds the *EU Threshold*.

**EU Threshold**

The contract value at which the EU public procurement directives apply.

**European Economic Area**

The 27 of the 28 members of the European Union, and Norway, Iceland and Liechtenstein.

**Financial Officer**

The most senior *Officer* representing the *Director of Resources* or designated by him/her to provide financial advice to the *Director*.

**Financial Regulations and procedures**

The financial regulations and procedures outlining *Officer* responsibilities for financial matters issued by the *Chief Finance Officer* in accordance with the *Constitution*.



<b>Framework Agreement</b>	An agreement between one or more authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.
<b>Government Procurement Agreement</b>	The successor agreement to the General Agreement on Trade and Tariffs. The main signatories other than those in the <i>European Economic Area</i> are the USA, Canada, Japan, Israel, South Korea, Switzerland, Norway, Aruba, Hong Kong, China, Liechtenstein and Singapore.
<b>Head of Paid Service</b>	The Council's <i>Chief Executive</i> .
<b>High Profile</b>	A high-profile purchase is one that could have an impact on functions integral to council service delivery should it fail or go wrong.
<b>High Risk</b>	A high-risk purchase is one which presents the potential for substantial exposure on the council's part should it fail or go wrong.
<b>High Value</b>	A high-value purchase is where the value exceeds the <i>EU Threshold</i> values.
<b>Invitation to Tender</b>	Invitation to tender documents in the form required by these contract procedure rules.
<b>Key Decision</b>	Decisions that are defined as key decisions in the <i>Constitution</i> .
<b>Line Manager</b>	An <i>Officer</i> designated by a <i>Director</i> to exercise the role reserved to the Line Manager by the contract procedure rules, this will be a Level 2 Manager (i.e. managers that report directly to a Director).
<b>Members</b>	Persons currently elected to serve on the Council
<b>Monitoring Officer</b>	The <i>Officer</i> defined as such in the <i>Constitution</i>
<b>Nominated Suppliers and Sub-contractors</b>	Those persons specified in a main contract for the discharge of any part of that contract.

<b>Non-commercial Considerations</b>	<ul style="list-style-type: none"> <li>a) The terms and conditions of employment by contractors of their workers or the composition of, the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces ('workforce matters').</li> <li>b) Whether the terms on which contractors contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only.</li> <li>c) Any involvement of the business activities or interests of contractors with irrelevant fields of government policy.</li> <li>d) The conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons ('industrial disputes').</li> <li>e) The country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors.</li> <li>f) Any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees.</li> <li>g) Financial support or lack of financial support by contractors for any institution to or from which the authority gives or withholds support.</li> <li>h) Use or non-use by contractors of technical or professional services provided by the authority under the Building Act 1984 or the Building (Scotland) Act 1959. Workforce matters and industrial disputes, as defined in paragraphs (a) and (d), cease to be non-commercial considerations to the extent necessary or expedient to comply with Best Value; or where there is a transfer of staff to which the Transfer of undertakings. (Protection of Employment) Regulations 1981 (<i>TUPE</i>) may apply.</li> </ul>
<b>Officer</b>	The Officer designated by the Director to deal with the contract in question.
<b>Parent Company Guarantee</b>	<p>A contract which binds the parent of a subsidiary company as follows:</p> <ul style="list-style-type: none"> <li>• if the subsidiary company fails to do what it has promised under a contract with the council, the council can require the parent company to do so instead.</li> </ul>
<b>Priority Services</b>	Those services required to be tendered as defined in the EU public procurement directives.
<b>Procurement Strategy</b>	The document setting out the council's approach to procurement and key priorities for the next few years.
<b>Project</b>	The process set up by the Council to ensure that a project is

<b>Management Methodology</b>	executed in a disciplined and structured manor
<b>Purchasing Guidance</b>	The suite of guidance documents, together with a number of standard documents and forms, which supports the implementation of these Contract Procedure Rules. The guidance is available on the council's intranet.
<b>Quotation</b>	A quotation of price and any other relevant matter (without the formal issue of an <i>Invitation to Tender</i> ).
<b>Relevant Contract</b>	Contracts to which these contract procedure rules apply (see Rule 4).
<b>Resources Directorate</b>	The directorate of the Council that includes responsibility for discharging the Council's procurement responsibilities
<b>Service</b>	The services provided by the Council are currently broken down into three directorates, each under the responsibility of a <i>Director</i> .
<b>Short-listing</b>	The process of selecting <i>Candidates</i> who are to be invited to quote or bid or to proceed to final evaluation.
<b>Solicitor</b>	Any Solicitor designated by the Council's Chief Executive or the Monitoring Officer.
<b>Standing Orders</b>	Part of the Council's <i>Constitution</i> specifying rules for how business shall be conducted.
<b>Supervising Officer</b>	The <i>Line Manager's</i> immediate superior.
<b>Tender</b>	A <i>Candidate's</i> proposal submitted in response to an <i>Invitation to Tender</i> .
<b>Tender Record Log</b>	The log kept by the <i>Director of Resources</i> to record details of <i>Tenders</i> (see Rule 13.5).
<b>Total Value</b>	<p>The whole of the value or estimated value (in money or equivalent value) for a single purchase or disposal calculated as follows:</p> <ul style="list-style-type: none"> <li>(a) where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period.</li> <li>(b) where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 12 months.</li> <li>(c) where the contract is for an uncertain duration, by multiplying the monthly payment by 48.</li> <li>(d) for feasibility studies, the value of the scheme or</li> </ul>

contracts which may be awarded as a result.

- (e) for *Nominated Suppliers and Sub-contractors*, the total value shall be the value of that part of the main contract to be fulfilled by the *Nominated Supplier or Sub-contractor*.

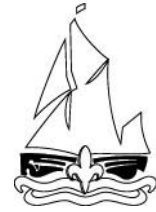
**TUPE**  
**(Transfer of**  
**Undertakings**  
**(Protection of**  
**Employment)**  
**Regulations 2006)**  
**(SI 2006 No.246)**

Subject to certain conditions, these regulations apply where responsibility for the delivery of works or services for the authority is transferred from one organisation (e.g. private contractor, local authority in-house team) to another (e.g. following a contracting out or competitive tendering process) and where the individuals involved in carrying out the work are transferred to the new employer. These regulations seek to protect the rights of employees in such transfers, enabling them to enjoy the same terms and conditions, with continuity of employment, as existed with their former employer. Broadly, TUPE regulations ensure that the rights of employees are transferred along with the business.

**Value for Money**

Value for money is not the lowest possible price; it combines goods or services that fully meet your needs, with the level of quality required, delivery at the time you need it, and at an appropriate price.

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## **REPORT of DIRECTOR OF RESOURCES**

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**to  
FINANCE AND CORPORATE SERVICES COMMITTEE  
26 SEPTEMBER 2017**

### **MEDIUM TERM FINANCIAL STRATEGY - UPDATE**

#### **1. PURPOSE OF THE REPORT**

- 1.1 A review of the Medium Term Financial Strategy (MTFS) has taken place and it is now estimated that savings of £98,000 will be required to close the budget gap in 2018 / 19 and that further savings of £282,000 and £596,000 is required in each of the subsequent two years respectively; bringing a total savings requirement of £976,000 by the end of 2020 / 21 to achieve a balanced budget.
- 1.2 Officers have been working since the start of the financial year to look at ways to address the budget gap in future years. Actions to date have included detailed budget scrutiny on the 2016 / 17 outturn, work on future income generation opportunities and a commercial strategy for the Council. The Commercial Strategy will be presented to the Council in December 2017 for approval. Directors and managers have been developing options that work towards delivering efficiency savings proposals for future year and the details of which were discussed at the Budget Seminar with Members on 13 July 2015.
- 1.3 The Committee is asked to approve the recommendation that the following principles to be adopted as part of the 2018 / 19 budget setting process:
- No additional budget growth (including one-offs growths) will be added save for exceptional circumstances;
  - The principle of zero based budgeting will apply for the 2018 / 19 budgets onwards;
  - The Council is to improve income generated through fees and charges following a review on the existing fees and charges policy;
  - By September 2018 a number of service reviews will be completed with a view to identify further savings and improve efficiency:  
  
These service reviews will report back to the Transformation Board, appropriate Programme Committee and the Finance and Corporate Services Committee.
  - Explore the Council's commercial activities to ensure that the Council's income can be maximised. This should include any new fees and charges activities and implementation of the Council's commercial strategy as it is developed;
  - Explore further partnership working with other organisations, this includes sharing of our services;

- Review the Policy on Reserves and Balances to ensure that it supports the delivery of the corporate priorities;
- Capital funding will only be allocated if essential, value for money is demonstrated and the project is fully deliverable.

## **2. RECOMMENDATION**

The Committee is asked to note the content of this report and to approve the principles to be adopted for the 2018 / 19 budget setting process as highlighted in paragraph 3.8.4 below, in particular the this year's process should focus to balance the corporate budget in the medium term.

## **3. SUMMARY OF KEY ISSUES**

- 3.1 A review of the Medium Term Financial Strategy (MTFS) has taken place and it is now estimated that savings of £98,000 will be required to close the budget gap in 2018 / 19 and that further savings of £282,000 and £596,000 is required in each of the subsequent two years respectively; bringing a total savings requirement of £976,000 by the end of 2020 / 21 to achieve a balanced budget. This is a decrease in savings required for 2018/19 by £350,000 from what was reported in February 2017. This is as a result of the detailed overspend review.
- 3.2 The Council's operating environment in the medium term will become more difficult as the Council becomes fully reliant on business rates. In order to support affordable levels of council tax additional income needs to be generated alongside a reduction in costs.
- 3.3 The Corporate Leadership Team (CLT) and the Finance team are currently working on a zero based budget with no growth items. Provisions for inflation and the living wage have been built into the future financial model but these are subject to further analysis and approval. The focus of the medium term financial strategy is now commercialisation with a Commercialisation Strategy being presented for approval to the Council in December. Seminars will be held to support this strategy for Members and additional training will be held for officers. The People, Policy and Performance team are about to carry out a skills audit within the organisation to identify key gaps and areas of expertise so that resource can be utilised effectively to develop business cases and deliver projects.
- 3.4 **Principles of the 2018 / 19 budget setting process**
  - 3.4.1 Collection Fund
    - 3.4.1.1 The Collection Fund is an account that is administered by the Council for recording receipts from Council tax and business rates and payments to the General Fund and other public authorities including Central Government.
    - 3.4.1.2 At the end of 2016 / 17, the Council's portion of Collection Fund was in a surplus position, for the purpose of the 2018 / 19 budget setting process; it would seem prudent to estimate a collection fund surplus in the region of £100,000 for 2016 / 17.

### 3.4.2 Tax base

3.4.2.1 Given the District will have a relatively high level of growth in the housing number; we have modelled an increase of 310 houses per annum into the MTFS.

### 3.4.3 Investment Income

3.4.3.1 Investment Income is a key income stream for the Council but in recent years. The economic downturn has kept interest rates very low and the base rate currently stands at 0.25%. Officers have recently met with the Council's Treasury Advisor, Arlingclose Ltd, and recently have started to invest in longer term mixed asset funds which deliver higher rates of interest over the medium term. Investment Income exceeded budget in the previous year and therefore additional investment income of £46,000 has been built into the medium term financial plan for 2018 / 19.

### 3.4.4 Zero Based Budget and Zero Growth Budget

3.4.4.1 The 2018 / 19 budget will be built using the zero base method. Under this method all expenses must be justified for each new period and there will be no roll forward of previous budgets. The Finance Department have spent the past two months carrying out a detailed review of all budget lines in readiness for the detailed budget build in December 2017. As a principle, save for exceptional circumstances, there will be no growth items introduced for the 2018 / 19 revenue budget.

### 3.4.5 National Living Wage

3.4.5.1 The Council has previously been committed to paying the living wage. This is payable on a voluntary basis and it is currently £7.50 per hour. The latest Officer for Budget Responsibility (OBR) living wage forecast predicts that this will be £7.90 for 2018 / 19.

3.4.5.2 For those employees where their hourly pay falls below this measure, a monthly supplement is added to their pay to bring it in line with the living wage amount. The annual cost of the supplementary payments is around £6,000.

### 3.4.6 Public Sector Pay

3.4.6.1 The Chancellor announced that pay rises for staff working in the public sector will be limited to 1% for four years from 2016 / 17. Although local government pay negotiations are carried out separately, the Chancellor's announcement is likely to influence local pay discussions in the future. For the purpose of MTFS, 1% uplift per annum has been applied to salaries in the future years.

### 3.4.7 Council Tax

3.4.7.1 The Council's average band D council tax increases have been below the rate of inflation for the past five years. The government is expected to continue to hold the Council Tax referendum threshold at a relatively low level in future years. For the purpose of the MTFS, the Council's average council tax is assumed to be increased by 1.95% per annum throughout 2018 / 19 – 2020 / 21.



### 3.4.8 Inflation

3.4.8.1 The following table shows the Consumer Price Index (CPI) and Retail Price Index (RPI) actual and forecast levels taken from the Office of Budget Responsibility's latest publication:

	<b>CPI</b>	<b>RPI</b>
2016 / 17	0.7%	1.7%
2017 / 18	2.4%	3.7%
2018 / 19	2.3%	3.6%
2019 / 20	2.0 %	3.1%
2020 / 21	2.0 %	3.1%

3.4.8.2 These macroeconomic indicators have changed materially since the last MTFS was approved and therefore the inflation provision has been increased in the latest version of the MTFS.

### 3.4.9 Reserves and Balances

3.4.9.1 At the end of March 2018 it is predicted that the Council will hold £3.2m of General Fund Reserves and £1.9m of earmarked reserves. The Council may wish to pursue a policy of using these reserves to balance the 2018 / 19 budget. However this is not financial sustainable for future years where the funding gaps become larger as the authority becomes fully dependent on generating its own Business Rates.

### 3.4.10 A Commercial Council

3.4.10.1 A large number of Councils have implemented commercial strategies and have been able to close future funding gaps by more efficient ways of working, smaller headcount and increased income generation particularly through property investment.

3.4.10.2 If this Council is to become financially sustainable it is essential that it becomes more commercial and creates new income streams for the future. The Council will be presented with a Commercial Strategy in December 2017 to consider and approve which will set out the key options and potential programmes for the Council.

3.4.10.3 In addition to this a number of service reviews are taking place over the next 12 months to increase efficiency and generate savings.

## 4. **CONCLUSION**

4.1 The Council's budget setting process integrates service and financial planning into a single process and aims to ensure that resource allocation both reflects corporate priorities and is affordable.

4.2 The Council's is committed to developing our commercial strategy to improve the efficiency of savings and develop future sustainable revenue streams.

## 5. IMPACT ON CORPORATE GOALS

- 5.1 The Strategic and Financial Planning process contributes towards our Corporate Goal “Delivering good quality, cost effective and valuable services”.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – Consultations will be undertaken to listen to the views of customers and the community with the aim of responding to their needs where possible.
- (ii) **Impact on Equalities** – Due regard to equality impact will be taken when making decisions arising from the 2018 / 19 budget setting process.
- (iii) **Impact on Risk** – The implementation of the budget setting process is designed to minimise the risk of not having a robust Medium Term Financial Strategy.
- (iv) **Impact on resources (financial)** – The process provides a framework for allocating resources.
- (v) **Impact on Resources (human)** – None arising from this report.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

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## **REPORT of DIRECTOR OF RESOURCES**

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**to  
FINANCE AND CORPORATE SERVICES COMMITTEE  
26 SEPTEMBER 2017**

### **ASSET MANAGEMENT WORKING GROUP**

#### **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is for Members to consider the recreation of the Asset Management Working Group.

#### **2. RECOMMENDATION**

To the Council:

The Committee is asked to consider whether to recommend to the Council to reform the Asset Management Working Group with immediate effect. In the event that the Group is reformed, the Council's Constitution will need to be amended as detailed in paragraph 3.6 below.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The Asset Management Working Group (AMWG) (the Group) was formed in February 2006, following a recommendation by the Finance and Corporate Services Committee, to form a Member / Officer Working Group to consider issues relating to asset management planning and to ensure that the Council's assets are appropriate and fit for purpose and that both capital and revenue expenditure is used efficiently in the delivery of services. A copy of the previous terms of reference of the Group is shown in **APPENDIX 1**.
- 3.2 On 23 June 2015, the Finance and Corporate Services Committee disbanded the Group as it was perceived to be of little value to the asset management of the Council. In the period since this delivery levels of the capital programme have been very low and on one project there were significant issues in procurement, delivery and overspend.
- 3.3 Whilst the Group would not have necessarily prevented the issues discussed above, more regular updates and monitoring would have been provided to the Group if they were meeting and this exercise in itself may have identified issues earlier and allowed an element of challenge to officers carrying out the procurement and overseeing the delivery of the work.

- 3.4 The Council has identified income generation using our existing assets as a key element in reducing the medium term financial deficit. In addition to this there are significant works that are required to our assets over the short to medium term, such as the replacement of windows in the Council Offices.
- 3.5 Whilst the group does not have delegated decision making, it has historically provided a robust level of challenge and insight. This was seen to be key in understanding the level of political appetite for certain projects in advance of investing significant resource into viability work.
- 3.6 Previously meetings of the Group were held during the day. To allow the Council to maximise attendance it is suggested that should the Committee approve the recommendation that meetings are held in the evening.

#### **4. CONCLUSION**

- 4.1 In order to increase challenge and provide increased insight of Member views on Asset Management, it is recommended that the Asset Management Working Group is re-introduced. The group should be constituted as per the previous terms of reference and meet on a quarterly basis during the evening.

#### **5. IMPACT ON CORPORATE GOALS**

- 5.1 Good asset management contributes towards our Corporate Goal “Delivering good quality, cost effective and valuable services”.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on resources (financial)** – None.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

**ASSET MANAGEMENT WORKING GROUP****Constitution and Terms of Reference****Constitution**

1. The membership of the Working Group shall be constituted annually by the appointment of two Members from the Finance and Corporate Services, Community Services and Planning and Licensing Committees at their first meetings following the statutory annual meeting of the Council.

**Terms of Reference**

1. To oversee all capital assets owned by or otherwise available to the Council.
2. To oversee system requirements for recording property data.
3. To ensure that adequate processes are in place to highlight future planned maintenance requirements for all Council owned assets and those for which the Council is responsible.
4. To review recommendations for inclusion of budget provision to meet planned maintenance requirements.
5. To establish procedures for reporting mismatches between assets held and those required to secure achievement of corporate or service objectives.
6. To review options on issues affecting asset usage and suitability, including under-utilisation, identification of surplus properties, alternative use and disposal options.
7. To oversee reporting / monitoring arrangements to highlight effective use of Council assets.
8. To review, project appraisals for ongoing asset related projects.
9. To review offers received for purchase of council land or assets.
10. To review asset management progress monitoring reporting at Officer and Member level.
11. To review options for external funding to meet and develop above objectives.

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of the Local Government Act 1972.

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