



Annual Council Meeting

Agenda and Reports

For consideration on

Tuesday, 13th May 2008

In the Council Chamber, Town Hall, Chorley

At 6.30 pm



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2 May 2008

Dear Councillor

ANNUAL COUNCIL MEETING - TUESDAY, 13TH MAY 2008

You are invited to attend a meeting of the Chorley Borough Council to be held in the Council Chamber, Town Hall, Chorley on Tuesday, 13th May 2008 commencing at 6.30 pm for the following purposes.

AGENDA

1. **Apologies for absence**

2. **Declarations of Any Interests**

Members are reminded of their responsibility to declare any personal interest in respect of matters contained in this agenda. If the interest arises **only** as result of your membership of another public body or one to which you have been appointed by the Council then you only need to declare it if you intend to speak.

If the personal interest is a prejudicial interest, you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.

3. **Minutes (Pages 1 - 10)**

To confirm the Minutes of the Council meeting held on 22 April 2008 as a correct record for signature by the Mayor (copy enclosed)

4. **Returning Officer's Report**

The Chief Executive as the Returning Officer will report that at the Council Elections held on 1 May 2008, the following persons were duly elected as Councillors for the Wards stated.

Ward	Councillor Elected
Adlington and Anderton	Peter Francis Wilson
Brindle and Hoghton	David Dickinson
Chorley East	Julia Louise Berry
Chorley North East	Adrian Lowe

Chorley North West	Joyce Snape
Chorley South East	Alistair Ward Bradley
Chorley South West	Anthony Gee
Clayton-le-Woods and Whittle-le-Woods	John Philip Walker
Clayton-le-Woods North	Alan Cullens
Coppull	Stella Marie Walsh
Eccleston and Mawdesley	Henry Counce
Euxton North	Debra Platt
Heath Charnock and Rivington	Pat Case
Lostock	Simon T Moulton
Wheelton and Withnell	Shaun Smith

5. **Election of the Mayor for the ensuing Municipal Year**

- (a) Election
- (b) Declaration of Acceptance of Office
- (c) Speech by the Mayor

6. **Election of the Deputy Mayor for the ensuing Municipal Year**

- (a) Election
- (b) Declaration of Acceptance of Office
- (c) Speech by the Deputy Mayor

7. **Presentation and Vote of Thanks to The Past Mayor**

- (a) The Mayor will present Councillor Adrian Lowe (Past Mayor) with a portrait, medallion and plaque bearing the Borough Coat of Arms as a token of thanks for his year of office.
- (b) Vote of Thanks to the Past Mayor
- (c) Speech by the Past Mayor

8. **Mayoral Announcements**

9. **Review of Political Composition and Appointment of Executive Cabinet, Committees and Other Bodies 2008/09**

- (a) Review of Executive Responsibilities (Report of Chief Executive to follow)
- (b) To appoint the Executive Leader and other Members of the Executive Cabinet for the ensuing Municipal Year.
- (c) To appoint the Lead Members for the ensuing Municipal Year
- (d) To appoint the Members of the various Committees, Sub-Committees and other bodies in accordance with the political balance rules and their Chairs and Vice-Chairs for the ensuing Municipal Year.
- (e) To note the Shadow Executive Portfolio Holders.

(Schedule of nominations to be circulated prior to the meeting)

10. **Appointments to Outside Bodies 2008/09**

To appoint representatives on outside bodies, including the appointment of substitute members where appropriate for the ensuing Municipal Year.

11. **Programme of Ordinary Council Meetings for 2008/09**

The Council is requested to confirm that Ordinary meetings of the Council will be held on the following dates during the ensuing Municipal Year, in the Town Hall, Chorley, commencing at 6.30pm:

15 July 2008
23 September 2008
2 December 2008
27 January 2009
7 April 2009

12. **Council's Constitution (Pages 11 - 90)**

New Contract Procedure Rules and Financial Regulations and Financial Procedure Rules

The Council is recommended to approve and adopt the enclosed new Contract Procedure Rules and Financial Regulations and Financial Procedure Rules for inclusion in the Council's Constitution.

13. **Chorley Annual Report (Best Value Performance Plan)**

Report of Assistant Chief Executive (Policy and Performance) (to follow)

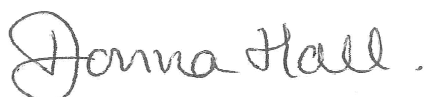
14. **Questions Asked under Council Procedure Rule 7 (if any)**

15. **To consider the receipt of Petitions (if any) given in accordance with the Council's Procedure Rules**

16. **To consider the Notices of Motion (if any) given in accordance with Council procedure Rule 8**

17. **Any other item(s) the Mayor decides is/are urgent**

Yours sincerely



Donna Hall
Chief Executive

Gordon Bankes
Democratic Services Officer
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Distribution

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આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون
کیجئے: 01257 515823

COUNCIL**Tuesday, 22 April 2008**

Present: Councillor Adrian Lowe (Mayor), Councillor Terry Brown (Deputy Mayor), Councillors Ken Ball, Nora Ball, Eric Bell, Judith Boothman, Alan Cain, Pat Case, Henry Caunce, Alan Cullens, Magda Cullens, David Dickinson, Mrs Doreen Dickinson, Dennis Edgerley, Anthony Gee, Daniel Gee, Peter Goldsworthy, Mrs Marie Gray, Pat Haughton, Harold Heaton, Catherine Hoyle, Keith Iddon, Margaret Iddon, Kevin Joyce, Hasina Khan, Margaret Lees, Roy Lees, Laura Lennox, Marion Lowe, Peter Malpas, Thomas McGowan, June Molyneaux, Greg Morgan, Mark Perks, Geoffrey Russell, Rosie Russell, Edward Smith, Iris Smith, Shaun Smith, Joyce Snape, Ralph Snape, John Walker and Mrs Stella Walsh

08.C.123 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Michael Davies, Mike Devaney and Mick Muncaster.

08.C.124 DECLARATIONS OF ANY INTERESTS

Councillor P Malpas declared a personal interest in Agenda Item 13 (Planning Application 08/00214/CB3 – Coronation Recreation Ground, Devonshire Road, Chorley. Councillor P Malpas left the meeting and did not participate in the discussion and voting on the item.

Councillor R Snape declared a personal interest in Agenda Item 14 (Planning Application 08/00036/CB3 – Bus Stop 20m south of Library, Union Street, Chorley. Councillor Snape left the meeting and did not participate in the discussion and voting on the item.

08.C.125 MAYORAL ANNOUNCEMENTS

The Mayor thanked Councillor Margaret Lees and Councillor Michael Davies for their service and commitment to the Council and to the local community, as both retire as Councillors at this year's election.

Councillor Margaret Lees had served on the Council for a total of nearly 14 years having previously served on the Council from September 1993 to May 2002 and returning to the Council in May 2004.

Councillor Michael Davies had served on the Council for 6 years having been elected in May 2002.

The Mayor wished them both every success for the future.

The Executive Leader (Councillor Goldsworthy), Councillor Edgerley (Leader of the Labour Group), as well as Councillor Brown (Deputy Mayor), Councillors Kenneth Ball, Ralph Snape and Councillor McGowan as fellow Ward representative with Councillor Lees, all expressed their appreciation for the work of Councillors Lees and Davies.

The Mayor referred with great sadness the passing of Councillor Mary Wilson. Mary was much loved and respected Councillor and friend to many of us, who worked tirelessly for the people of Chorley and gave 16 years of dedicated service. The Mayor said that you would all agree that she will be deeply missed. The tributes to Mary Wilson's passion, dedication and commitment to serving the people of Chorley were led by her close friend

and colleague, Councillor Dennis Edgerley. Councillor Edgerley's tribute was supported and augmented by the Deputy Mayor Councillor Brown, Councillor Peter Goldsworthy (Executive Leader), Councillor Ken Ball (Leader of the Liberal Democrat Group) and Councillor Ralph Snape (Leader of the Independent Group).

All Members and Officers then stood in silence for a minute as a mark of respect for Mary Wilson's service to Chorley.

08.C.126 PUBLIC QUESTIONS

There had been no requests from any member of the public to ask a question on any of the agenda items.

08.C.127 MINUTES

RESOLVED – That the Minutes of the Council meeting held on 26 February 2008 be confirmed as a correct record for signature by the Mayor.

08.C.128 EXECUTIVE CABINET

(a) Capital Programme - 2007/08 - Monitoring

The Executive Member for Resources presented a report updating Members on the progress of the 2007/08 Capital Programme and seeking approval to changes to the programme, including additional slippage of expenditure to and from 2008/09.

The Council at its meeting of 26 February 2008, had agreed a reduction in the 2007/08 Capital Programme from £10,175,240 to £7,411,780 including the slippage of £2,144,420 to 2008/09 and a total reduction of £619,040 in respect of other schemes.

Since that date a further slippage of £499,850 to 2008/09 had been identified, offset by budget increases of £381,040 and to accelerate to the 2007/08 programme of the implementation of new financial systems to ensure continuity in respect of cash receipting. The principal change related to the capitalisation of the interest on the land assembly costs for the Gillibrand Link Road scheme, which would result in the revenue budget saving of £213,000 being transferred to the 2007/08 working balances.

Consequently the changes had resulted in a net reduction of the 2007/08 Capital Programme to £7,292,970.

It was moved by the Executive Member for Resources, seconded by the Executive Leader and subsequently:

RESOLVED – That the changes to the Capital Programme for 2007/08 as set out in Appendix A to the submitted report be approved, together with the recommended slippage of expenditure to/from 2008/09.

(b) Joint Working with Preston and South Ribble Councils on the Local Development Framework and establishment of Joint Advisory Committee

The Executive Member for Economic Development and Regeneration presented a report recommending approval to formalise the joint working arrangements with Preston and South Ribble Councils on the Local Development Framework (LDF) arrangements.

The report sought endorsement of a proposal to establish a Joint Advisory Committee, comprised of a small number of Councillors from the three Borough Councils and one Lancashire County Councillor, to oversee the preparation of a Joint Core Strategy and any other relevant LDF documents. The Joint Advisory Committee would not be granted delegated powers, but would produce the respective plan and documents and advise the three Authorities on their adoption. The ultimate decision making power would remain with each of the three Councils.

The financial and staffing arrangements for the operation of the Joint Committee and preparation of the relevant draft LDF documents would need to be assessed by the participating Authorities.

It was moved by the Executive Member for Economic Development, seconded by the Executive Leader and subsequently:

RESOLVED – (1) That the establishment under Section 102(4) of the Local Government Act 1972 of a Joint Advisory Committee between Chorley, Preston and South Ribble Councils to advise upon the preparation of a Joint Core Strategy and any other joint Local Development Framework Documents, be approved.

(2) That delegated authority be granted to the Executive Member for Economic Development and Regeneration to deal with the practical implementation of the joint working.

(3) That the Annual Meeting on 13 May 2008 agree to nominate three Councillors (including one Executive Member) together with substitute Member(s) to serve on the Joint Advisory Committee.

(c) General Report from Executive Cabinet meetings on 14 February and 27 March 2008

The Executive Leader presented a report which summarised the principal matters considered at the meetings of the Executive Cabinet held on 14 February and 27 March 2008.

It was moved by the Executive Leader, seconded by the Deputy Leader of the Council and subsequently **RESOLVED** that the report be noted.

08.C.129 REVIEW OF THE COUNCIL'S DECISION MAKING STRUCTURE

The Executive Member for Customer, Democratic and Legal Services presented a report recommending changes to the Council's Committee structure as a means of streamlining decision making.

In particular, the report proposed changes to the Authority's overview and scrutiny function, which would continue to be overseen by an overarching Overview and Scrutiny Committee, with power to establish and appoint Task and Finish Groups to undertake selected reviews. The licensing function would be administered by an overarching Licensing and Public Safety Committee responsible for policy, consultation, enforcement and monitoring matters, and a Licensing Sub-Committee. The Licensing Sub-Committee would meet as a Licensing Act 2003 Sub-Committee to deal with personal and premises licences and other miscellaneous licence matters.

The report also sought approval to a suggested calendar of meetings for 2008/09 and referred to the expediency of reviewing and altering Executive portfolios to reflect recent managerial and Departmental restructures.

It was moved by Councillor Edgerley and seconded by Councillor Brown that the membership of the Overview and Scrutiny Committee be increased from the proposed 12 Councillors to 15 Councillors.

The amendment was put to the vote and the Mayor declared it lost.

The Executive Member for Customer, Democratic and Legal Services moved an amendment, that the calendar of meetings for 2008/09 should show that meetings of the Audit Committee take place at 4.30pm (rather than 10.00am) with the exception of the meeting scheduled for 26 June which will take place at 2.30pm (as its Executive Cabinet later that day). He also brought Members attention to the request of the Licensing and Safety Committee that five Councillors (rather than three) should constitute a Sub-Committee for consideration of hackney carriage and private hire licences.

It was moved by the Executive Member for Customer, Democratic and Legal Services, seconded by the Executive Leader and subsequently **RESOLVED that the following recommendations be approved and adopted:**

(1) That the following recommendations for changes to the structure of overview and scrutiny be approved:

- **One overarching Overview and Scrutiny Committee, meeting 10 times a year with a membership of 12 Councillors. The two current scrutiny panels, Corporate & Customer and Environment and Community, to be disbanded.**
- **The Overview and Scrutiny Committee to be the Committee which hears any call-ins of decisions; sets the workplan for scrutiny for the whole year and also consider corporate issues including:**
 - **overall performance information;**
 - **business planning for the Council;**
 - **overall budget scrutiny.**
- **The Overview and Scrutiny Committee to establish and appoint task and finish groups to undertake reviews. A Task and Finish Group should generally consist of Councillors from the membership of the main committee but should also include other Council Members (other than Executive Members) who are interested in the topics under scrutiny. *Overview and Scrutiny Committee to decide the size of each Task Group.***
- **The Chair of Overview and Scrutiny Committee to be from the main opposition group, and the Vice Chair to be from the ruling group.**
- **Overview and Scrutiny Task Groups must be chaired by a Member of the Overview and Scrutiny Committee.**
- **That the Independent Remuneration Panel be requested to look at the special responsibility allowances for scrutiny roles.**

(2) That the structure of decision making for licensing be revised to provide for:

- **An overarching Licensing Committee meeting four times a year, with a membership of 17, to consider all licensing matters (including policy, monitoring and enforcement issues and matters formerly considered by the Statutory Licensing Committee) other than decisions on individual applications for licences or the review of licences. In addition the Council's functions in respect of Alcohol Designation Orders be allocated to this Committee. In recognition of its proactive role in promoting public safety the Committee be renamed the Licensing and Public Safety Committee.**
- **That all individual applications and reviews (including under the Licensing Act 2003, the Gambling Act 2005 and all hackney/private hire and any other**

miscellaneous licences) be delegated to a Licensing Sub-Committee made up of three Councillors scheduled to meet once a month at 10am. Membership to be on a rotational basis as at present.

- That at the request of the Licensing and Safety Committee, the Licensing Sub-Committee be comprised of five Councillors (rather than three) for consideration of hackney carriage and private hire licences.
- The Licensing Sub-Committee will meet either as a Licensing Act 2003 Sub-Committee (to deal with personal and premises licences and reviews under the Licensing Act 2003 and the Gambling Act 2005) or as a General Licensing Sub-Committee (dealing with hackney carriage/private hire and any other miscellaneous licence) depending on the business to be considered.

(3) That the membership of the Local Development Framework (LDF) Working Group be reduced to 12 to reflect its status as a Working Group and that membership include both the Chair and Vice Chair of the Development Control Committee and the Executive Member for Economic Development and Regeneration. The Working Group's terms of reference to be amended to reflect its revised role in considering just LDF issues rather than the wider Community Strategy.

(4) That, having succeeded in achieving the Charter for Member Development, the Member Development Steering Group be given an extended remit to include all aspects of Members support, including the responsibilities of the Civic Events Working Group. The group to be renamed the Members Support Working Group, to meet just five times a year with membership to include the Executive Member for Customer, Democratic and Legal Services. The Civic Events Working Group to be disbanded.

(5) That the potential changes to Standards Committee be noted only at this stage but that the Monitoring Officer be authorised to seek to recruit a further two independent members and one Parish Councillor and that the Council membership be increased to five, appointed at the Annual Meeting of the Council.

(6) That in order to consider the wider equalities agenda, consultation take place on the establishment of an Equalities Forum, meeting four times a year with a Council membership of six to include the Executive Member for Corporate Policy and Performance. The Equalities Forum to establish Task and Finish Groups to consider specific issues. The existing disability and ethnic minority consultative fora to be disbanded but the wider membership of those groups to be retained for consultation purposes and potential involvement in Task and Finish Groups.

(7) That consideration be given to changes in the current Executive portfolios to reflect recent managerial and departmental restructuring and proposals be brought to the Annual Council meeting on 13 May 2008.

(8) That the calendar of meetings for 2008/09, incorporating the above changes be approved as set out in the submitted report, subject to an amendment that meetings of the Audit Committee take place at 4.30pm (rather than 10.00am) with the exception of the meeting scheduled for 26 June which will take place at 2.30pm (as its Executive Cabinet later that day).

(9) That the Corporate Director of Governance be authorised to make the appropriate Constitutional changes to ensure the above recommendations can be implemented, including the removal of references to the Community Forum meetings.

08.C.130 AUDIT COMMITTEE

The Chair of the Audit Committee (Councillor A Gee) presented a report which summarised the matters considered at meetings of the Committee held on 17 January and 19 March 2008.

It was moved by the Chair of the Audit Committee, seconded by Councillor A Gee and subsequently **RESOLVED that the report and the resolution of the Audit Committee be noted.**

08.C.131 ANNUAL AUDIT AND INSPECTION LETTER

It was agreed that Standing Orders be suspended to allow the District Auditor and Relationship Manager to speak and answer questions from Members.

The Council received from the Audit Commission their Annual Audit and Inspection Letter for 2006/07 which summarised the conclusions on significant issues arising from the Commission's audit and inspection of the Council.

The Audit Commission District Auditor and Relationship Manager attended the meeting and assisted Members' consideration of the letter. Members views and comments on the Audit and Inspection letter were invited.

It was moved by the Executive Leader, seconded by the Deputy Leader of the Council and subsequently **RESOLVED that the Annual Audit and Inspection Letter for 2006/07 be noted.**

Standing Orders were reinstated.

08.C.132 CODE OF CORPORATE GOVERNANCE

The Council received a joint report of the Assistant Chief Executive (Business Transformation) and Corporate Director of Governance seeking Members' approval of the Code of Corporate Governance.

Recently issued guidance by CIPFA and SOLACE had required the Council to develop and maintain a local Code of Corporate Governance and to prepare a Governance Statement on an annual basis to report publicly on the extent to which the Council complies with its own code.

The Code of Corporate Governance had been prepared in accordance with the guidance and was attached for Members approval.

The draft code had been originally presented to the Audit Committee for information and had now been finalised for members' approval following a period of consultation and had allowed for a comparison of the Code with that of other Councils. The officers were now satisfied that the Code not only met the guidance but also represented best practice.

It was moved by the Executive Leader, seconded by the Deputy Leader of the Council and subsequently **RESOLVED that the Code of Corporate Governance be approved.**

08.C.133 OVERVIEW AND SCRUTINY COMMITTEE AND PANELS

The Chair of the Overview and Scrutiny Committee (Councillor Edgerley) presented a report which summarised briefly the recent matters discussed at meetings of the Overview and Scrutiny Committee held on 12 February and 25 March 2008. The report also summarised the activities and issues considered by the Committee's associate Environment and Community and Corporate and Customer Overview and Scrutiny Panels of their recent meetings.

It was moved by the Chair of the Overview and Scrutiny Committee (Councillor Dennis Edgerley) seconded by the Vice-Chair (Councillor Laura Lennox) and subsequently **RESOLVED that the report be noted.**

08.C.134 STANDARDS COMMITTEE

The Council received a report of the Chair of the Standards Committee (Mr R A Ellwood) which outlined issues which had been considered by the Standards Committee.

It was moved by Councillor A Gee, seconded by Councillor T McGowan and subsequently **RESOLVED that the report be noted.**

08.C.135 PLANNING APPLICATION 08/00214/CB3 - CORONATION RECREATION GROUND, DEVONSHIRE ROAD, CHORLEY

The Chair of the Development Control Committee presented a report requesting the Council to approve an application for deemed planning permission for the installation of a lighting scheme within the Coronation Recreation Ground at Devonshire Road, Chorley. The proposal would entail the provision of two forms of lighting (ie footpath lighting to both the perimeter footpaths and central footpath in a traditional heritage style and sports floodlighting of the tennis courts and bowling greens).

The Committee was minded to support the application but as the Council's Constitution precludes the Development Control Committee's determination of applications for deemed planning permission, the application required to be submitted before the full Council for decision.

It was moved by the Chair of the Development Control Committee (Councillor H Heaton) and seconded by the Vice-Chair (Councillor David Dickinson) that planning permission be granted to Application 08/00214/CB3 for the installation of a lighting scheme at Coronation Recreation Ground, Devonshire Road, Chorley:

It was moved by Councillor Edgerley and seconded by Councillor R Lees that the planning application be referred back to the Development Control Committee for further consideration.

The amendment was put to the vote and the Mayor declared it lost.

RESOLVED – That planning permission be granted for Application 08/00214/CB3 for the installation of a lighting scheme at Coronation Recreation Ground, Devonshire Road, Chorley, subject to the following conditions:

(1) The proposed development must be begun not later than three years from the date of this permission. Reason: Required to be imposed by Section 51 of the Planning and Compulsory Purchase Act 2004.

(2) A light shield to prevent light spillage into neighbouring properties as shown on Drawing No CBC 4 submitted with the application, shall be fitted to the footpath column numbers 1, 6, 7, 9, 10, 13, 12 and 11 (columns as numbered on drawings no 8520-D-01 Rev A). *Reason: To prevent light spillage into neighbouring properties and in accordance with Policy No EP21A of the Adopted Chorley Borough Local Plan.*

(3) The lighting hereby permitted shall be restricted to being lit at the following times only (columns as numbered on drawing no 8520-D-01 Rev A):

- Perimeter footpath lighting: between 08.00hrs and 22.00hrs (columns 1, 2, 4, 5, 6, 7, 8, 9, 10, 16, 14, 13, 12, 11, 20, 21).
- Footpath lighting serving the central footpath: no time restriction (columns 15, 17, 18, 19, 3).
- Floodlighting to all pitches: no illumination before 09.00hrs or after 21.00hrs.

Reason: To safeguard the amenities of local residents and in accordance with Policy Nos EP20 and EP21A of the Adopted Chorley Borough Local Plan Review.

(4) Unless otherwise agreed in writing, before the development hereby commences a scheme to prevent the lighting dazzling drivers on the highway shall have been submitted to and agreed in writing with the Local Planning Authority. The approved scheme shall be then implemented in full and retained at all times thereafter, unless otherwise agreed in writing with the Local Planning Authority. *Reason: To avoid glare, dazzle or distraction to passing motorists in the interest of highway safety.*

08.C.136 PLANNING APPLICATION 08/00036/CB3 - BUS STOP 20M SOUTH OF LIBRARY, UNION STREET, CHORLEY

The Chair of the Development Control Committee presented a report requiring the Council to approve an application for deemed planning permission for the erection of a cantilever bus shelter on the Union Street elevation of Booths Supermarket facing Union Street.

The Committee was minded to support the application, but, as the Council's Constitution precluded the Development Control Committee's determination of applications for deemed planning permission, the application required to be submitted before the full Council for decision.

It was moved by the Chair of the Development Control Committee (Councillor H Heaton) seconded by the Vice-Chair (Councillor David Dickinson) and subsequently **RESOLVED that planning permission be granted to Application 08/00036/CB3 for the provision of a cantilever bus shelter at the bus stop 20m south of Library, Union Street, Chorley subject to the following conditions:**

(1) The development hereby permitted shall not commence until a scheme for the raising of the footpath to 160mm (notwithstanding any details shown on the approved plans) has been submitted to and approved in writing by the Local Planning Authority. The development shall only be carried in accordance with the approved details. *Reason: To ensure that the materials used are visually appropriate to the locality and in accordance with Policy No GN5 of the Adopted Chorley Borough Local Plan Review.*

(2) The development hereby permitted shall not commence until full details of the colour, form and texture of all external facing materials to the proposed shelter and rainwater goods (notwithstanding any details shown on the approved plans) been submitted to and approved in writing by the Local Planning Authority. The development shall only be carried out using the approved external facing materials.

Reason: To ensure the materials used are visually appropriate to the locality and in accordance with Policy No GN5 of the Adopted Chorley Borough Local Plan Review.

(3) The proposed development must be begun not later than three years from the date of this permission. *Reason: Required to be imposed by Section 51 of the Planning and Compulsory Purchase Act 2004.*

(4) The development hereby permitted shall not commence until a scheme detailing how rainwater run off from the shelter will be dealt with has been submitted to and approved in writing by the Local Planning Authority. The development shall only be constructed in accordance with the approved details. *Reason: To ensure proper rainwater drainage and in accordance with Policy No EP18 of the Chorley Borough Local Plan Review.*

Mayor

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Report of	Meeting	Date
Chief Executive	Annual Council	13 May 2008

EXECUTIVE FUNCTIONS WHICH MAY BE DISCHARGED BY THE EXECUTIVE AND INDIVIDUAL EXECUTIVE MEMBERS

PURPOSE OF REPORT

1. To inform the Council of the proposed revisions to the composition of the Executive Cabinet and the areas of responsibility for the Executive Members and Lead Members and seek approval to the appropriate amendments to the Council's Constitution.

RECOMMENDATION(S)

2. The Council is recommended to note the changes to the composition of the Executive Cabinet and the areas of responsibility for the Executive Members and Lead Members and give approval to the amendment of the Council Constitution as set out in the appendix to this report .

CORPORATE PRIORITIES

3. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organisation	4

BACKGROUND

4. Following the changes made to the Council's senior management structure around three customer groupings, it is now proposed that the areas of responsibility for the Executive Members be re-aligned to the services under each Directorate and that the composition of the Executive Cabinet should comprise of the Executive Leader and five other Executive Members, who would be responsible for the following portfolios:

- **Business**
 - Economic development
 - Planning
 - Building Control
 - Strategic Housing

- Housing Client
- Regeneration

- **People**
 - Customer Services
 - Sport, Leisure and culture
 - Astley Hall
 - Parks and Open Spaces
 - Community centres

- **Neighbourhoods**
 - Neighbourhood management
 - Street cleansing and streetscene
 - Waste
 - Community Safety

- **Corporate Policy and Performance (Deputy Leader)**
 - Equality and Diversity
 - Corporate Performance Management
 - Policy
 - CPA
 - Overview of Partnerships

- **Resources**
 - Finance
 - Human Resources
 - Corporate Governance
 - ICT
 - Procurement
 - Property client
 - Use of Resources
 - Service Transformation

5. It is also proposed that the areas of responsibility for the Lead Members be as follows:

- Licensing
- Health and Older People
- Development Control

DONNA HALL
 CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Donna Hall	5104	13 May 2008	CGOVREP/0205AC01

SCHEME OF DELEGATIONS FOR EXECUTIVE FUNCTIONS

The Executive Cabinet may exercise any Executive function.

A Portfolio holder may take any Executive decision which relates to his or her Portfolio.

The Executive Leader may take any decision which an individual Portfolio holder could take where the relevant Portfolio holder is unable or unwilling to take that decision.

The Executive Leader may alter the allocation of responsibilities within any Portfolio.

Chief Officers may take any Executive decision which relates to the services under their control except where the relevant Portfolio holder has instructed them not to make such a decision.

Chief Officers may nominate other Officers to take decisions which they have the power to take

PRINCIPLES OF DECISION MAKING

All decisions must be made in accordance with the provisions of this Constitution and any policies of the Council.

The following principles shall be observed by decision makers exercising Executive functions:

- Key decisions should normally be made by the Cabinet as a whole.
- Decisions which significantly affect more than one Portfolio should normally be made by the Cabinet as a whole.
- Decisions of an operational or managerial nature should normally be made by Chief Officers.
- Decisions of a strategic nature should normally be made by Members.

No decision shall be open to legal challenge on the basis that these principles have been breached.

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SHADOW PORTFOLIO MEMBERS

<u>PORTFOLIO</u>	<u>NAME</u>
Shadow Leader	D Edgerley
Customer Access	J Berry
Resources	A Bradley
Development Control	T Brown
Member Support	A Gee
Leisure	C Hoyle
Equalities	H Khan
Strategic Housing	L Lennox
Contracts and Procurement	R Lees
Streetscene and Neighbourhoods	A Lowe
Town Centre and Economic Development	M Lowe
Licensing	T McGowan
Community Safety	J Molyneaux
Policy and Performance	P Wilson

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PROPOSED APPOINTMENTS TO OUTSIDE BODIES
MAY 2008 to MAY 2009

NAME OF BODY	NO OF REPS	REPRESENTATIVES	EXPIRY DATE
Adlington Community Association	2	Councillor J Molyneux and Mr Adam Unsworth (Conservative Nominee)	19 May 2009
Chorley Lifestyle Centre (formerly Age Concern)	2	Councillors M Gray and C Hoyle	19 May 2009
Brindle Village Hall Management Committee	1	Councillor David Dickinson	19 May 2009
Chorley and District Neighbourhood Watch Association	1	Executive Member for Neighbourhoods (Councillor E Bell)	19 May 2009
Chorley and District Sports Forum	2	Executive Member for People (Councillor J Walker) and Councillor M. Perks	19 May 2009
Chorley and South Ribble Citizens Advice Bureau Management Committee	1	Councillor P Haughton	19 May 2009
Chorley and South Ribble Council for Voluntary Service	1	Councillor Doreen Dickinson	19 May 2009
Chorley and South Ribble Crossroads Care Scheme (Trustees)	1	Councillor J Boothman	19 May 2009
Chorley and South Ribble Disability Forum	1	Councillor David Dickinson	19 May 2009
Chorley and South Ribble MIND	1	Councillor Doreen Dickinson	19 May 2009
Chorley and South Ribble Shopmobility	1	Councillor M Gray	19 May 2009
Chorley Churches Together	1	Councillor M Gray	19 May 2009
Chorley Community Housing Board	4	Councillors A Cain, Edgerley, M Gray and L Lennox	19 May 2009
Chorley Crime and Disorder Reduction Partnership Community Safety Partnership – (CDRP)	4	Executive Member for Neighbourhoods (Councillor E Bell) and Councillors J Molyneux, A Cullens and M Perks	19 May 2009

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(UPDATED May 2008)

NAME OF BODY	NO OF REPS	REPRESENTATIVES	EXPIRY DATE
Chorley Consolidated Charity and Chorley Relief Fund	3	Councillor A Gee (Appointed May 2005) Councillor M Gray (Appointed May 2005) Councillor M Cullens (Appointed May 2006) (NB Appointments are for a 5 year period and cannot be changed mid-period)	May 2010 May 2010 May 2011
Chorley Domestic Violence Forum	2	Councillors M Cullens and I Smith	19 May 2009
Chorley Women's Centre	1	Councillors Doreen Dickinson	19 May 2009
Clayton-le-Woods Community Centre Management Committee	1	Councillor M Cullens	19 May 2009
Cuerden Valley Trust	1	Councillor M Muncaster	19 May 2009
Eccleston Maintained Youth Centre Management Committee	2	Councillor H Caunce and Councillor K Joyce	19 May 2009
Groundwork Trust Wigan and Chorley	1	Councillor E Bell	19 May 2009
Heapey and Wheelton Village Hall Committee	2	Councillors I Smith and S Smith	19 May 2009
Heskin Village Hall Management Committee	1	Councillor E Smith	19 May 2009
Hoghton Village Hall Management Committee	1	Councillor David Dickinson	19 May 2009
Home-Start Chorley and South Ribble	1	Councillor J Boothman	19 May 2009
Lancashire County Council Adult Social Care and Health Overview and Scrutiny Committee (Co-opted member)	1	Councillor R Russell (Substitute Members - Councillors G Russell and A Gee)	19 May 2009
Lancashire Economic Partnership Forum	1	Executive Leader (Councillor P Goldsworthy)	19 May 2009
Lancashire Neighbourhood Watch Forum	1	Councillor E Bell	19 May 2009
Lancashire Police Authority Community Meeting	6	Councillors A Cain, E Bell, J Molyneux, A Cullens, David Dickinson and M Muncaster	19 May 2009
Lancashire Police Authority Partnerships Forum	1	Councillor David Dickinson	19 May 2009

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(UPDATED May 2008)

NAME OF BODY	NO OF REPS	REPRESENTATIVES	EXPIRY DATE
Lancashire Shared Services Contact Centre Partnership	1	Councillor J Walker	19 May 2009
Lancashire Teaching Hospitals NHS Trust - Governing Council	1	Councillor I Smith	19 May 2009
Lancashire Valuation and Community Charge Tribunal	1	Mr Jon Davies, 3 Gillcroft, Ecclestone, Chorley PR7 5SE (Labour nominee)	March 2009
Lancashire Waste Management Strategy Group	1	Executive Member for Neighbourhoods (Councillor E Bell)	19 May 2009
Local Development Framework Joint Advisory Committee	3	Executive Member for Business (Councillor P Malpas), Councillors G Morgan and T Brown (Substitute Members Councillors P Goldsworthy, L Lennox and G Russell)	19 May 2009
Local Government Association General Assembly	2	Executive Leader (Councillor P Goldsworthy) and Deputy Leader of Council (Councillor P Case)	19 May 2009
Local Government Association New Towns Special Interest Group	2	Executive Leader and Deputy Leader of Council	19 May 2009
Local Government Association Rural Commission	2	Executive Leader and Deputy Leader of Council	19 May 2009
Local Government Association Urban Commission	2	Executive Leader and Deputy Leader of Council	19 May 2009
Local Government Association Lancashire Branch	3	Executive Leader, Deputy Leader of Council and Leader of the Opposition (Councillor D Edgerley)	19 May 2009
Mawdesley Millennium Trust	1	Councillor K Iddon	19 May 2009
Mawdesley Village Hall Management Committee	1	Councillor K Joyce	19 May 2009
North Western Local Authorities' Employers Organisation	1	Executive Member for Resources (Councillor A Cullens) (An employee of: (i) an organisation represented on the Trade Union Side of the Joint Council; or (ii) a local or Joint Authority and whose conditions of employment are within the scope of the Joint Council shall not be appointed as an Employers' representative (or substitute representative) on the Employers' Organisation. (Rule 5(d))	19 May 2009

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(UPDATED May 2008)

NAME OF BODY	NO OF REPS	REPRESENTATIVES	EXPIRY DATE
North West Regional Assembly (subject to discussion on the future of the Assembly)	1	Executive Leader	19 May 2009
Lancashire and Blackpool Tourist Board	1	Councillor S Smith	19 May 2009
Preston and Western Lancashire Racial Equality Council	1	Councillor H Khan	19 May 2009
Rivington Heritage Trust	1	Councillor P Case	19 May 2009
Rivington and Brinscall Advisory Group	3	Councillor M Gray plus the Council's Representatives on West Pennine Moors Area Management Committee (Councillors Mrs P Case & P Wilson)	19 May 2009
Runshaw College Community Liaison Group	4	Councillors G Russell (Chair), A Cain (Vice Chair) and D Gee. Mr Kevin Hodges, 103 Princess Way, Euxton, PR6 7PX (Conservative Nominee)	19 May 2009
St John Ambulance Association	1	His Worship the Mayor	19 May 2009
The North West of England and the Isle of Man Reserved Forces and Cadets Association	1	Councillor T McGowan	March 2009
West Pennine Moors Area Management Committee	2	Councillors P Case & P Wilson	19 May 2009

CONTRACT PROCEDURE RULES

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Contract Procedure Rules

1. Compliance

1.1 These rules form part of the Council's Constitution and are the Council's Contract Procedure Rules for buying for the Council. They do not apply to internal purchases or internal service provision, only where you need to buy something from outside the council.

1.2 Every contract entered into by the Council shall be entered into pursuant to or in connection with the Council's functions and shall comply with:

- (a) all relevant statutory provisions;
- (b) the relevant European procurement rules (i.e. the EC Treaty, the general principles of EC law and the EC public procurement directives implemented by the UK Regulations);
- (c) the Council's Constitution including these Contract Procedure Rules, the Authority's Financial Regulations and Financial Procedure Rules and **Appendix 2-Responsibility for functions; and**
- (d) the Authority's corporate priorities, Corporate Strategy , Corporate Procurement Strategy, Sustainable Procurement Policy and other policies and staff guidance.

1.3 The highest standards of probity are required of all officers and members involved in the procurement, award and management of Council contracts. It is essential to maintain effective audit trails at all stages throughout the procurement procedure particularly where approval or agreement is required.

1.4 As a general rule members and officers must not accept from contractors or potential contractors or from any firm or organisation with whom the Council has had, is having or may have any dealings of any kind –

(a) any gift (other than an inexpensive seasonal gift such as a calendar or diary for use in the office); or

(b) any hospitality without the written authorisation of a Service Head.

Members and officers should comply with the Council's Code of Conduct in this respect.

1.5 Service Heads must immediately enter in a register kept for this purpose by the Council particulars of –

(a) any gift (including how it has been returned to the giver or otherwise disposed of e.g. donated to the Mayor for charitable purposes) ;and

(b) any hospitality.

1.6 Hospitality includes drink, meals, entertainment, overnight accommodation, travel and holidays, but does not include a lift in a private or company car or a taxi or refreshments in the course of office duty (e.g. a working lunch).

1.7 All staff must enter in their own departmental register:

- (a) any gift (including how it has been disposed of); and
- (b) any hospitality.

1.8 Service Heads are responsible for the maintenance of the hospitality register for their service area.

2. Procurement Plan

2.1 For each financial year, the Council shall agree a Procurement Plan setting out its current contracts and contracts to be procured for the forthcoming three financial years.

2.2 At the beginning of each financial year, the Council shall publish a PIN in the OJEU listing the contracts for services and supplies which it expects to procure for that financial year and which are above the EU threshold. EU thresholds are amended bi-annually. Please refer to Corporate Procurement for confirmation of the latest threshold figures.

2.3 To achieve 2.1 and 2.2 above Service Heads must ensure that the Corporate Procurement and Partnerships Manager is notified in writing prior to the end of the financial year of contracts planned for the next three years.

3. Delegated Authority

3.1 Any procurement carried out on behalf of the Council may only be undertaken by officers with the appropriate delegated authority to carry out such tasks as set out in the Council's **Constitution Appendix 2 Responsibility for Functions**. Officers with delegated authority may only delegate to other officers who have the appropriate skills and knowledge appropriate to the task. Officers shall be informed by his/her Service Head, in writing, of the extent of any delegated authority and any applicable financial thresholds for each procurement.

3.2 Within approved budgets and in accordance with the Annual Procurement Plan where applicable, Authorised Officers may authorise members of their staff to place orders against Framework Agreements which have been entered into by the Council.

3.3 Any contracts awards above £75,000 or those which involve any potential transfer of the Council's employees to a Supplier shall be referred to the Executive Cabinet or relevant Executive Cabinet Portfolio Member for a decision.

4. Exempt Contracts

4.1 The following contracts are exempt from the requirements of these Contracts Procedures Rules:

- (a) individual agency contracts for the provision of temporary staff (The arrangements with staffing agencies, however, should be subject to a competitive procurement process in accordance with these Contracts Procedure Rules);
- (b) employment contracts and

(c) contracts relating solely to disposal or acquisition of an interest in land.

5. Pre-Procurement Procedure

5.1 Before commencing a procurement, it is essential that the Authorised Officer leading the procurement has identified the business need and fully assessed any options for meeting those needs, including the completion of an Equality Impact Assessment, where any change in service provision is proposed. Consideration shall be given to the Council's Corporate Procurement Policy, Strategy and Guidance and Sustainable Procurement Policy and Guidance, as appropriate.

5.2 Before undertaking a procurement the Authorised Officer shall:

- (a) consider all other means of satisfying the need (including recycling and reuse where appropriate);
- (b) prepare an estimate of expenditure in accordance with Rule 6;
- (c) establish a business case for the procurement;
- (d) complete an Equality Impact Assessment as appropriate and ensure that equality and diversity principles are considered and incorporated throughout the procurement process in accordance with the Council's Guidance for Procurement Officers published on the Loop (Appendix E to the Staff Guide to Procurement)
- (d) for high value, complex, service procurements complete the Council's Options Appraisal Model in accordance with Appendix B of the Council's Staff Guide to Procurement.
- (e) for high value, complex procurements complete a Procurement Risk Register;
- (f)) consider whether there is an appropriate Framework Agreement that should be used;

The level of resource and detail deployed in carrying out the requirements of 5.1 and 5.2 shall be appropriate to the nature and the value of the Procurement.

6. Estimating the Contract Value /Aggregation

6.1 Contract values should be calculated exclusive of VAT in accordance with the Regulations, even when the Regulations are not applicable for consistency. Where contracts are of a regular nature, 12 months expenditure of the commodity should be aggregated to identify which procedure should be followed. For a period (specified term) contract, the value of the contract shall be the value of the full contract period, or, where the contract is for an indefinite period, or where it's term cannot be defined, the monthly value multiplied by 48. The Council should make the best use of its purchasing power by aggregating purchases wherever possible. Particular supplies, services or works shall not be split in an attempt to avoid the applicability of these Contract Procedure Rules or the Regulations.

6.2 If, following calculation of the estimated value, the intermediate route (below £75,000) is selected, and, after evaluating in accordance with the evaluation criteria, the preferred offer is valued at over £75,000, then the matter shall be referred to the Corporate Director

(Governance) for further advice. The Corporate Director (Governance) shall be given full details including how the estimated value was calculated, the amount of the estimated value, the value of all quotations received and the evaluation model applied leading to selection of the preferred offer.

- 6.3 If, after following the intermediate route, some of the quotations received are valued at over £75,000, but the preferred quotation is less than £75,000, then the preferred quotation may be accepted in accordance with these Contracts Procedure Rules.

7. Low Value Procurement: Below £10,000

- 7.1 Officers with appropriate delegated authority shall, on behalf of the Council, procure works goods and services with an estimated value of below £10,000. Service Heads are responsible for ensuring that best value is achieved and that the arrangements made secure the best available terms to the Council. A written or electronic quotation shall be obtained from the Supplier before a formal purchase order can be issued. The purchase order form shall specify the services, supplies or works to be provided and set out the price and terms of payments. Any appropriate Council Framework Agreements in place shall be used regardless of value, provided the standing order requirements in relation to delegated authority are met. An effective audit trail shall be maintained in compliance with Rule 1.3.

8. Intermediate Value Procurement: £10,000 to £75,000 (Quotations)

- 8.1 For procurements valued over £10,000 but at or below £75,000 at least 3 written Request for Quotations shall be invited before a formal purchase order is issued specifying the supplies, services or works to be provided. Quotations shall be received and opened in accordance with Rule 16.
- 8.2. Unless considered inappropriate, the contract shall be advertised and quotation documentation shall be made available on the Council's Website (Current Contract Opportunities) and on the Supply2.gov.uk procurement portal. This can be arranged through Corporate Procurement
- 8.3 The Authorised Officer must notify the Corporate Procurement and Partnerships Manager of the eventual outcome of the procurement exercise for entry into the Contracts Register.
- 8.4 Where the risk in a specific procurement is perceived to be high, then that procurement shall be treated as a High Value Procurement.
- 8.5 Any procurement that may involve a transfer of staff shall be treated as a High Value Procurement.

9. High Value Procurements: Above £75,000 (Tenders)

- 9.1 All high value procurements shall be advertised (and tender documents made available as portable document files (pdf) on the Council's website (Current Contract Opportunities) , the Supply2.gov.uk procurement portal (for below EU threshold procurements of typically up to £100,000 -this can be arranged through Corporate Procurement), a trade journal and where considered appropriate, the local press. Tenders shall be received and opened in accordance with Rule 16.

9.2 For all procurements valued at above £75,000 prior approval of the proposed contract award procedure including the evaluation criteria to be applied, shall be sought from the relevant Executive Cabinet Portfolio Member

10. Contracts Subject to the Regulations: Above the EU Threshold

10.1 Where the estimated value of a contract exceeds the current EU threshold then the contract shall be tendered in accordance with the Regulations. EU Thresholds are amended bi-annually. Please refer to Corporate Procurement for confirmation of the current threshold figures.

Under the Regulations, the contract may be tendered under the Open, Restricted, Competitive Dialogue (for particularly complex contracts) or, in exceptional circumstances exhaustively set out in the Regulations, the Negotiated procedure. For each contract tendered in accordance with the Regulations, a contract notice shall be published in the Supplement to the Official Journal to the European Union (OJEU). Advertisements published in addition to this must not appear in any form before a contract notice is submitted to OJEU and must not contain any information additional to that contained in the contract notice.

10.2 The Regulations set out the minimum timescales for receipt of expressions of interest and tenders. Where the Council has published a Prior Information Notice announcing its forthcoming contracts for the year ahead, then the Council may rely on reduced timescales if appropriate.

10.3 The EU Directives and UK Regulations are long and complex, and only the principal requirements can be given here. Officers are advised to refer to the guidance on the Loop and to consult the Corporate Procurement and Legal Services departments prior to commencing any procurement which is subject to the Regulations.

11. Open Procedure

The Council publishes a contract notice in the OJEU. The tender will be open to all companies who express an interest by the published deadline.

12. Restricted Procedure

The Council publishes a notice in the OJEU. Organisations which express an interest will be required to complete and submit a Pre-Qualification Questionnaire (PQQ) by the deadline in the notice. The Council will evaluate the PQQ's in accordance with the criteria published in the notice and produce a shortlist of suitable organisations to be invited to tender.

13. Competitive Dialogue and the Negotiated Procedures

- 13.1 Under EU Directives, the Competitive Dialogue Procedure may be used for contracts valued at or over EU thresholds in certain circumstances where:
- 13.1.1 we wish to award a particularly complex contract and think that the use of the open or restricted procedures will not allow the award of that contract; or
- 13.1.2 the contract is for a service and the precise nature of the service required cannot be clearly specified or accurately priced (e.g. some PFI or PPP contracts, bespoke software applications, insurance services, intellectual and artistic services).
- 13.2 The Negotiated Procedure should not now be used (except in very specific circumstances) for the procurement of particularly complex projects.

14. Pre-qualification

- 14.1 The Council shall only enter into a contract with a Supplier if it is satisfied as to the Suppliers –
- (a) eligibility;
 - (b) financial standing.
 - (c) technical capacity.
- 14.2 Technical capacity includes the Supplier's quality management systems including human resources, health and safety and environmental management systems where relevant to the performance of the contract.
- 14.3 Any procurements subject to the Regulations shall be in full compliance with those Regulations.

15. The Invitation to Tender

- 15.1 The ITT or ITN shall include details of the Authority's requirements for the particular contract including:
- (a) a description of the services, supplies or works being procured;
 - (b) the procurement timetable including the tender return date and time, which shall allow a reasonable period for the applicants to prepare their tenders;
 - (c) instructions for completing and returning the tender documentation
 - (d) notification that tenders received after the closing date and time will not be considered
 - (e) a specification and instructions on whether any variants are permissible;
 - (f) the Council's terms and conditions of contract
 - (g) the evaluation criteria including any weightings as considered appropriate;
 - (h) in procurement processes for partnerships, a requirement on bidders to submit optional priced proposals for the delivery of specified community benefits which are relevant to the contract and can add value to the Community Plan
 - (i) pricing mechanism and instructions for completion;
 - (j) whether the Council is of the view that TUPE may apply;
 - (k) form and content of method statements to be provided
 - (l) in procurement processes for partnerships, inviting bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, including the use of small firms; this should continue to be examined as part of contract management.

- (m) rules for submitting of tenders and whether tenders may be submitted electronically;
- (n) any further information which will inform or assist tenderers in preparing tenders.

16. Submission, Receiving and Opening of Tenders/Quotations

16.1 Every response to an invitation to tender/quote for a transaction valued over £10,000 should be delivered:

- (i) no later than the time and date specified for submission of tenders/quotations in the invitation to tender/quotation document and should be addressed to the Corporate Procurement and Partnerships Manager, Civic Offices, Union Street, Chorley, PR7 1AL.
- (ii) The response envelope should not contain any labelling or mark indicating the identity of the sender.
- (iii) The envelope should be clearly marked in large bold letters with the subject matter to which the tender/quotation relates.

16.2 Tenders/Quotations shall be recorded on the Record of Tenders/Quotes received form, which records the date and time the submission was received. The Tenders/Quotations will then be stored in a secure, locked cupboard until the time and date specified for their opening. No tenders/quotations received after the specified date and time for submission, shall be accepted or considered by the Council.

16.3 A member of the Corporate Procurement Team and a representative from the procuring unit shall open tenders for high value procurements. Upon opening a summary of the main terms of the submission received shall be recorded in the permanent register of tenders, together with the name of the Tenderer and the date and time of tender opening.

16.4 Quotations for intermediate value procurements will be opened using the above criteria except that a member of the procuring unit is not required to attend the opening, (unless they express a wish to do so). In this event a second officer from the admin team or other office will witness the opening.

16.5 The closing date for the receipt of tenders/quotations may be extended, in appropriate circumstances, at the discretion of the Corporate Director of Governance.

16.6 Quotations and tenders may be received and recorded electronically by the Corporate Procurement and Partnerships Manager where a separate, secure folder with appropriate controls, or e-tendering facility specifically set up for this purpose, is used.

16.7 Tenders and Quotations shall not be opened until the deadline has passed for their receipt

17. Electronic Tendering

- 17.1 Electronic or e-procurement systems, where implemented, should always be used in preference to paper transactions.
- 17.2 Where appropriate, and unless the restricted procedure is used, RFQ's and ITT's shall be posted on the Council's website to allow electronic downloading of the documents by prospective bidders.

18. Tender Evaluation

- 18.1 Where written quotations are invited for low to intermediate value contracts then the bidder submitting the lowest cost compliant bid must be awarded any resulting contract, unless alternative pre-determined criteria are detailed in the document used to invite bids awarded on that basis.
- 18.2. For high value contracts and for all contracts governed by EU Directives, a more complex Best Value tender evaluation procedure based on the identification of the Most Economically Advantageous Tender ("MEAT") should be used (other than for very standard procurements (e.g. Stationery) where cost may be the only discerning factor)
- 18.3 MEAT evaluation involves scoring tenders objectively by a panel of officers and/or independent experts using criteria which should:
 - 18.3.1 be pre-determined and listed in the invitation to tender documentation in order of importance;
 - 18.3.2 be strictly observed at all times throughout the tender process;
 - 18.3.3 reflect the principles of Best Value;
 - 18.3.4 include price;
 - 18.3.5 adopt whole-life costing where appropriate, particularly in the case of capital equipment where the full cost of maintenance, decommissioning and disposal should be taken into account. Additionally the use of energy efficient products or the use of sustainable materials with a longer life span may impact on the whole life cost.
 - 18.3.6 be capable of objective assessment;
 - 18.3.7 be weighted according to their respective importance;
 - 18.3.8 include, where applicable, the quality of the tenderers' proposals to accept a transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE); and
 - 18.3.9 avoid discrimination or perceived discrimination on the basis of nationality, or other cause contrary to any of the Council's policies.

Where this evaluation methodology is used, any resulting contract must be awarded to the

tenderer which submits the most economically advantageous tender, ie the tender that achieves the highest score in the objective assessment.

18.4 The evaluation criteria shall be strictly observed at all times through the contract award procedure by any officer involved in the tender evaluation process. The Authorised Officer shall keep comprehensive records of the evaluation exercise and the lead officers of the evaluation team shall sign the final selection record.

Guidance on tender evaluation can be found in the Tender Evaluation Guide published on the Loop, or, from the Corporate Procurement Team.

19. Post Tender Negotiation

19.1 Where a procurement is conducted pursuant to the Regulations through either the open or restricted procedures no post tender negotiations are permitted. The Council may seek clarification from Suppliers where appropriate.

19.2 At all times during the procurement (whether subject to the Regulations or not), the Council shall consider and implement the principles of non-discrimination, equal treatment and transparency.

20. Evaluation Team

20.1 For each contract subject to the Regulations or above £75,000, the Authorised Officer shall form an Evaluation Team with responsibility for evaluating tenders. The Authorised Officer shall keep comprehensive records of the evaluation exercise and the lead officers of the evaluation team shall sign the final selection record.

21. Bonds, Guarantees and Insurance

21.1 For high value procurements, the Evaluation Team shall consider as part of its pre-qualification assessment and evaluation process whether a performance bond and/or a parent company guarantee (if applicable) shall be required from the preferred Supplier.

21.2 The Evaluation Team shall consider the appropriate type (employee liability, public liability, professional indemnity, etc.) and level of insurance requirements for each contract.

22. Awarding Contracts / 10 day Standstill Period

22.1 The Council shall only award a contract where this is the Best Value for Money.

22.2 The results of the tender evaluation process must be recorded in writing.

22.3 A contract must only be awarded and signed by a person authorised to do so, who must ensure that the appropriate budget holder has the funds in place to sustain the contract prior to award.

22.4 Unit Directors should ensure that proper records of all procurement activity are retained in electronic or hard copy format as appropriate.

- 22.5 For all transactions valued at £10,000 to £75,000, the Record of Tenders/Quotes Received Form should be completed and returned to the Corporate Procurement and Partnerships Manager when a successful bidder has been chosen.
- 22.6 For all transactions valued at £75,000 and above the decision to award a contract shall be made by the Executive Cabinet or relevant Executive Cabinet Portfolio Member. A tender acceptance proforma (which can be found on the Loop under My Briefcase/Procurement) should be completed with a copy being sent to the Corporate Procurement and Partnerships Manager.
- 22.7 The highest standards of probity are required of all officers and members involved in the procurement, award and management of Council contracts. It is essential to maintain effective audit trails at all stages throughout the procurement procedure particularly where approval or agreement is required.
- 22.8 For all contracts tendered under EU Directives, a ten-day 'standstill period' must be observed between the decision to award and contract conclusion. Once the decision to award a contract is made, each tenderer must be notified in writing on the outcome of the tender process. This notification must include:
- (i) details of the contract award criteria;
 - (ii) where practicable the score the tenderer obtained against those award criteria;
 - (iii) where practicable the score the winning tenderer obtained; and the name of the winning tenderer.

23. Debriefing

- 23.1 The Authorised Officer responsible for each procurement shall provide a debriefing to unsuccessful tenderers on written request. Where the Procurement is subject to the Regulations, the Council must, within 15 days of a written request, inform any contractor who was unsuccessful, of the reasons why they were unsuccessful, and, if an admissible tender was submitted, the characteristics and relative advantages of the successful tender. The name of the person awarded the contract must also be provided.
- 23.2 A supplier can receive an accelerated debrief (a debrief within the standstill period) if they request it by midnight of the second day of the standstill. A contracting authority has to provide this, allowing three full working days between dispatch of the debrief and the end of the standstill period. If a request is received outside this time limit, normal rules apply and a contracting authority must provide debriefing within 15 days of request.

24. Contract Award Notice

All contracts awarded under the Regulations must be announced by means of a Contract Award Notice in OJEU transmitted no later than 48 calendar days after the date of the award.

25. Letters of Intent

Letters of intent shall only be used in exceptional circumstances and, by prior agreement with the Corporate Director of Governance, as follows:

- (a) Where a Supplier is required to provide services, supplies or works prior to formal written acceptance by the Council; or
- (b) Where the Council's form of tender does not include a statement that until such time as a formal contract is executed, the Council's written acceptance of a tender shall bind the parties into a contractual relationship

26. Contract Terms and Conditions

26.1 Contracts shall be entered into on the Council's terms and conditions, which shall be included with each purchase order and invitation to tender or negotiate. Exceptions to this rule must be approved by the Corporate Director (Governance).

26.2 Where contracts are subject to the Regulations, the rules relating to technical specifications shall be followed and any reference to a technical standard, make or type shall be prefaced with the words "or equivalent". This requirement applies to both Part A and Part B Services.

27. Execution of Contracts

27.1 Any contracts valued at above £75,000 shall be executed as a deed unless otherwise agreed with the Corporate Director of Governance. All other contracts may be signed by an officer with appropriate delegated authority.

27.2 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of security arrangements has been approved by the Corporate Director (Governance).

28. Records of Tenders and Contracts/ Contracts Register

28.1 The Authorised Officer with delegated authority in respect of a particular procurement shall maintain a list of all tenders received.

28.2 Each Chief Officer shall maintain his/her own register of all other contracts entered into by his/her department.

28.3 A Contracts Register of all contracts awarded above £75,000 shall be maintained by the Corporate Procurement & Partnership Manager. Additionally, a record of all intermediate and high value procurements will be maintained by Corporate Procurement together with the Tender/Quotation Register. These Contracts Registers may be maintained electronically.

28.4 For every individual contract the Authorised Officer shall maintain a contract file.

28.5 Authorised Officers shall notify the Corporate Procurement & Partnerships Manager of all intermediate and high value contract awards using the appropriate forms, for entry into the Contracts Register and /or Tender/Quotation Register ..

29. Approved Lists

The Council may maintain approved lists of Suppliers that meet its pre-qualification requirements. Quotations and tenders for contracts that are not subject to the Regulations may be invited from Suppliers included on an approved list. Where the Authority intends to use an approved list for services, supplies or works contracts, the Approved List should be reviewed and advertised on a regular basis.

30. Nominated and Named Sub-contractors

If a sub-contractor, supplier or sub-consultant is to be nominated or named to a main contractor, quotations or tenders must be invited in accordance with these Contracts Procedure Rules and the terms of the invitation shall be compatible with the main contract.

31. Framework Agreements

31.1 Initially tendered in accordance with the Regulations and /or Contracts Procedure Rules as appropriate, framework agreements allow the Council to make specific purchases (call-offs) throughout the term of the agreement, without the need to conduct further tendering exercises.

31.2 Where the Council has entered in to a framework agreement through procurement or is able to call off from existing framework agreements procured by public sector consortia or central government agencies including OGC Buying Solutions, then the Council may benefit from using those agreements without entering into a separate procurement.

32. Joint Procurement

32.1 Any joint procurement arrangements with other local authorities or public bodies shall be approved by the Assistant Chief Executive (Business Transformation) and the Corporate Director (Governance) prior to the commencement of any procurement on behalf of the Council.

32.2 Approval shall only be given where the joint procurement arrangement assures compliance with the Regulations and the Council's Policy Framework for Partnership Working.

33. Procurement by Consultants

Any consultants used by the Council shall be appointed in accordance with these Contracts Procedure Rules. Where the Council uses consultants to act on its behalf in relation to any procurement, then the Authorised Officer shall ensure that the consultants carry out any procurement in accordance with these Contracts Procedure Rules. No consultant shall make any decision on whether to award a contract or who a contract should be awarded to. The Authorised Officer shall ensure that the consultant's performance is monitored.

34. Statistical Returns

34.1 Each year the Council shall make a statistical return to the CLG for onward transmission to the European Commission concerning the contracts awarded during the year under the European rules.

34.2 Corporate Procurement is responsible for this statistical return and will make the necessary arrangements for information to be collected annually. Chief Officers shall comply with these arrangements.

35. Contract Extension

35.1 Any contract may be extended in accordance with its terms. Where the terms do not expressly provide for extension, contracts subject to the Regulations may be extended by negotiation in accordance with the rules set out in the Regulations. Such extension shall be notified to the Executive Cabinet.

35.2 Any extension exceeding £75,000 in value shall require the approval of the Executive Cabinet or relevant Executive Cabinet Portfolio Member.

35.3 The Authorised Officer shall always be satisfied that extension will achieve Best Value for Money and is reasonable in all the relevant circumstances.

36. Termination of Contract

For any contract exceeding £75,000 in value, termination shall be approved by the Executive Cabinet. Contracts of a lesser value may be terminated early by agreement prior to the expiry date or in accordance with the termination provisions set out in the contract. Legal advice should be sought as appropriate.

37. Waivers of Contract Procedure Rules

Waivers of any of these contract Procedure Rules shall only be given in exceptional circumstances and only with the prior written approval of the Director of Corporate Governance and the Assistant Chief Executive (Business Transformation). If this is considered necessary, the appropriate Service Head must notify the Corporate Procurement & Partnerships Manager, in writing, via the Contracts Procedure Rule Waiver Form, located on the Loop, under My Briefcase/Procurement. On receipt of a fully completed form the Corporate Procurement & Partnerships Manager will record the request and seek the approval of the Director of Corporate Governance and the Assistant Chief Executive (Business Transformation). Waivers may not be made retrospectively.

38. Review and Amendment of Contract Procedure Rules

These Contract Procedure Rules shall be reviewed and updated on a regular basis.. Amended Contracts Procedure Rules shall be agreed and adopted by the Council

Definitions

“Annual Procurement Plan”

A plan identifying major projects so that appropriate resources can be identified. It also provides a basis for PINs and other information provided to suppliers to give advance notice of bidding opportunities;

“Authorised Officer”

A person with appropriate delegated authority under Appendix 2 of the Constitution-Responsibility for Functions to act on the Council's behalf;

“Council”

“Council” means Chorley Borough Council

“Best Value for Money”

The optimum combination of whole life costs and benefits to meet the customer's requirement. Such term equates to the EU procurement requirement “most economically advantageous offer”;

“Contracts Register”

A register held and maintained by the Corporate Procurement Officer containing details of contracts entered into by the Authority

“Framework Agreement”

An agreement which allows the Council to call off from a supplier to provide supplies, services or works in accordance with the terms of the agreement. The Framework Agreement itself usually constitutes a non binding offer with no obligations on the Authority to call off from the Supplier. If the Council calls off from the Supplier a binding contract comes into being. A Framework Agreement can be a binding agreement where it is executed as a deed;

“ITN”

Invitation to negotiate;

“ITT”

Invitation to tender;

“OJEU”

Official Journal of the European Union;

“PIN”

Prior Information Notice for publication in OJEU;

“Regulations”

The UK regulations implementing the EC public procurement directives;

“RFQ”

Request for quotations;

“Supplier”

Any person or body of persons providing, or seeking to provide, supplies, services or works to the Council.

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Appendix 4**Financial Regulations
& Financial Procedure Rules***Contents*

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INTRODUCTION

- 1.1 The authority's governance structure is laid down in its constitution, which sets out how the council operates, how decisions are made and the procedures that need to be followed.
- 1.2 Financial regulations form part of the constitution and provide the framework for managing the authority's financial affairs. They apply to every member and officer of the authority and anyone acting on its behalf.
- 1.3 The regulations identify the financial responsibilities of the full council, executive and overview and scrutiny members, the head of paid service, the monitoring officer, the chief finance officer and other chief officers. Executive members and chief officers 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 chief officer in the regulations should be read as referring to them.
- 1.4 With regard to the above generic references, for the purpose of these regulations the following specific titles apply to Chorley Borough Council:
 - (a) "executive" – Executive Cabinet;
 - (b) "overview and scrutiny members" – members of the Overview and Scrutiny Committee and the Environment & Community and Corporate & Customer Overview and Scrutiny Panels;
 - (c) "head of paid service" – Chief Executive;
 - (d) "monitoring officer" – Director of Corporate Governance
 - (e) "chief finance officer" – Assistant Chief Executive (Business Transformation & Improvement)
 - (f) "chief officers" – Directors
 - (g) "corporate property officer" – Assistant Chief Executive (Business Transformation & Improvement)
 - (h) "head of internal audit" – Audit & Risk Manager
 - (i) "head of human resources" - Corporate Director of Human Resources & Organisational Development
- 1.5 All 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, is properly authorised and achieves best value.
- 1.6 The chief finance officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the full council for approval. The chief finance officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the council and/or to the executive members.
- 1.7 The authority's detailed financial procedures, setting out how the regulations will be implemented, are contained in the appendices to the financial regulations, and will be updated by the chief finance officer as necessary.

- 1.8 Chief officers are responsible for ensuring that all staff in their service units are aware of the existence and content of the authority's financial regulations and other internal regulatory documents and that they comply with them.
- 1.9 The chief finance officer is responsible for issuing advice and guidance to underpin the financial regulations that members, officers and others acting on behalf of the authority are required to follow. Such advice and guidance will have the same force as these regulations.

KEY RESPONSIBILITIES OF CHIEF OFFICERS

- 2.1 Throughout this document the key responsibilities of individual Chief Officers are identified. The following lists key responsibilities which give a broad outline of the nature of the control framework and the accountabilities of Chief Officers within it.
- 2.2 It is the responsibility of chief officers to consult with the chief finance officer and seek approval on any matter liable to materially affect the authority's finances, before any commitments are incurred.
- 2.3 To promote the financial management standards set by the chief finance officer in their departments and to monitor adherence to the standards and practices, liaising as necessary with the chief finance officer.
- 2.4 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.
- 2.5 To adhere to the accounting policies and guidelines approved by the chief finance officer.
- 2.6 To comply with accounting guidance provided by the chief finance officer and to supply the chief finance officer with information when required.
- 2.7 To maintain budgetary control within their departments, in adherence to the principles in 2.17, and to ensure that all income and expenditure are properly recorded and accounted for.
- 2.8 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.9 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- 2.10 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.
- 2.11 To ensure that resources are used only for the purposes for which they were intended.

- 2.12** To notify the chief finance officer immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the chief finance officer or the authority's insurers.
- 2.13** To ensure that there are regular reviews of risk within their service units.
- 2.14** To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- 2.15** 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 full council, following consultation with the chief finance officer.
- 2.16** To consult with the chief finance officer before changing any existing system or introducing new systems.
- 2.17** To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 2.18** To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the chief finance officer.
- 2.19** To ensure that the approval of the executive is obtained before any negotiations are concluded to work for third parties.

Financial Regulation A

Financial Management

INTRODUCTION

- A.1** Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

THE FULL COUNCIL

- A.2** The full council is responsible for adopting the authority's constitution and members' code of conduct and for approving the policy framework and budget within which the executive operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its constitution. The full council is also responsible for monitoring compliance with the agreed policy and related executive decisions.
- A.3** The full 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. These delegations and details of who has responsibility for which decisions are set out in the constitution.

THE EXECUTIVE

- A.4** The executive is responsible for proposing the policy framework and budget to the full council, and for discharging executive functions in accordance with the policy framework and budget.
- A.5** Executive decisions can be delegated to a committee of the executive, an individual executive member, an officer or a joint committee.
- A.6** The executive is responsible for establishing protocols to ensure that individual executive members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

COMMITTEES OF THE COUNCIL

Overview and scrutiny committee

- A.7** The overview and scrutiny committee is responsible for scrutinising executive decisions before or after they have been implemented and for holding the executive to account. The overview and scrutiny committee is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the authority.

Audit committee

- A.8** The audit committee is an advisory body and reports to the full council. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The committee is responsible for formally approving the Council's accounts prior to publication, reviewing the external auditor's reports and the annual audit letter and internal audit's annual report. For the purpose of external audit this committee comprises "those charged with governance".

Accounts committee

- A.9** The accounts committee is responsible for formally approving the Council's accounts prior to publication. For the purpose of external audit this committee comprises "those charged with governance".

General purposes committee

- A.10** The general purposes committee is charged with exercising a range of miscellaneous powers on behalf of the Council, most particularly the determining of the terms and conditions of staff.

Standards committee

- A.11** The standards committee is established by the full 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.

Other regulatory committees

- A.12** Planning, conservation and licensing are not executive functions but are exercised through the development control committee and licensing committee.

THE STATUTORY OFFICERS**Head of paid service**

- A.13** The head of paid service is responsible for the corporate and overall strategic management of the authority as a whole. He or she must report to and provide information for the executive, the full council, the overview and scrutiny committee and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The head of paid service is also responsible, together with the monitoring officer, for the system of record keeping in relation to all the full council's decisions (see below).

Monitoring officer

- A.14** The monitoring officer is responsible for promoting and maintaining high standards of ethical 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 full council and/or to the executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

- A.15** The monitoring officer must ensure that executive decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by the executive and of those made by officers who have delegated executive responsibility.
- A.16** The monitoring officer is responsible for advising all councilors and officers about who has authority to take a particular decision.
- A.17** The monitoring officer is responsible for advising the executive or full council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- A.18** The monitoring officer (together with the chief finance officer) is responsible for advising the executive or full council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
 - committing expenditure in future years to above the budget level
 - incurring interdepartmental transfers above virement limits
 - causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- A.19** The monitoring officer is responsible for maintaining an up-to-date constitution.

Chief finance officer

- A.20** The chief finance officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Section 151 of the Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 2003
 - Local Government Act 2003.
- A.21** The chief finance officer is responsible for:
- the proper administration of the authority's financial affairs
 - setting and monitoring compliance with financial management standards
 - advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
 - providing financial information
 - preparing the revenue budget and capital programme
 - treasury management.

A.22 **Section 114** of the Local Government Finance Act 1988 requires the chief finance officer to report to the full council, executive and external auditor if the authority or one of its officers:

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

Section 114 of the 1988 Act also requires:

- the chief finance officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the authority to provide the chief finance officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out their duties under section 114.

Chief officers

A.23 Chief officers are responsible for:

- ensuring that executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by the chief finance officer
- signing contracts on behalf of the authority.

A.24 It is the responsibility of chief officers to consult with the chief finance officer and seek approval on any matter liable to materially affect the authority's finances, before any commitments are incurred.

OTHER FINANCIAL ACCOUNTABILITIES

Virement

A.25 The full council is responsible for agreeing procedures for virement of expenditure between budget headings. These are set out in the Policy and Budget Financial Procedure Rules.

A.26 Chief officers are responsible for agreeing in-year virements within delegated limits, in consultation with the chief finance officer where required. They must notify the chief finance officer of all virements.

Treatment of year-end balances

A.27 The executive cabinet is responsible for agreeing procedures for carrying forward under- and over-spending on budget headings, provided that such carry forwards do not constitute an alteration to the policy and budget framework.

Accounting policies

- A.28** The chief finance officer is responsible for selecting accounting policies in accordance with best professional practice and ensuring that they are applied consistently.

Accounting records and returns

- A.29** The chief finance officer is responsible for determining the accounting procedures and records for the authority, and must be consulted on and approve proposals for change.

Financial systems

- A.30** The chief finance officer is responsible for approving all the financial systems in operation within the authority and must be consulted on and approve any proposals for change.

The annual statement of accounts

- A.31** The chief finance officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC). The Audit Committee is responsible for approving the annual statement of accounts on behalf of the full Council.

Financial Regulation B

Financial Planning

INTRODUCTION

B.1 The full council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the executive. In terms of financial planning, the key elements are:

- the corporate strategy
- the budget
- the capital programme.

POLICY FRAMEWORK

B.2 The full council is responsible for approving the policy framework and budget. The policy framework comprises the following statutory plans and strategies:

- best value performance plan / corporate strategy
- revenue budget
- capital programme
- treasury management policy statement & strategy
- community strategy
- crime and disorder reduction strategy
- plans and strategies which together comprise the development plan

B.3 The full council is also responsible 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. Decisions should be referred to the full council by the monitoring officer.

B.4 The full council is responsible for setting the level at which the executive may reallocate budget funds from one service to another. The executive is 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.

Preparation of the best value performance plan / corporate plan

B.5 The Assistant Chief Executive - Policy & Performance is responsible for proposing the best value performance plan / corporate plan to the executive for consideration before its submission to the full council for approval.

BUDGETING**Budget format**

- B.6** The general format of the budget will be approved by the full council and proposed by the executive on the advice of the chief finance officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Budget preparation

- B.7** The chief finance officer is responsible for ensuring that a revenue budget is prepared on an annual basis and a general revenue plan on a three-year basis for consideration by the executive, before submission to the full council. The full council may amend the budget or ask the executive to reconsider it before approving it.
- B.8** The executive is responsible for issuing guidance on the general content of the budget in consultation with the chief finance officer as soon as possible following approval by the full council.
- B.9** It is the responsibility of chief officers to ensure that budget estimates reflecting agreed service plans are submitted to the executive and that these estimates are prepared in line with guidance issued by the executive.

Budget monitoring and control

- B.10** The chief finance officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must ensure that expenditure and income is monitored and controlled against budget allocations and report to the executive on the overall position on a regular basis.
- B.11** It is the responsibility of chief officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the chief finance officer. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the chief finance officer to any problems.

Resource allocation

- B.12** The chief finance officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full council's policy framework.

Preparation of the capital programme

- B.13** The chief finance officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the executive before submission to the full council.

Guidance

B.14 Guidance on budget preparation is issued to members and chief officers by the executive following agreement with the chief finance officer. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- the corporate plan
- available resources
- spending pressures
- best value and other relevant government guidelines
- other internal policy documents
- cross-cutting issues (where relevant).

Maintenance of reserves

B.15 It is the responsibility of the chief finance officer to advise the executive and/or the full council on prudent levels of reserves for the authority.

Financial Regulation C

Risk Management and Control of Resources

INTRODUCTION

- C.1** It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

RISK MANAGEMENT

- C.2** The executive is responsible for approving the authority's risk management framework and for reviewing the effectiveness of risk management. The executive is responsible for ensuring that proper insurance exists where appropriate.
- C.3** The chief finance officer is responsible for preparing the authority's risk management framework, for promoting it throughout the authority and for advising the executive on proper insurance cover where appropriate.

INTERNAL CONTROL

- C.4** Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- C.5** The chief finance officer 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, and in accordance with the statutory and other authorities that govern their use.
- C.6** It is the responsibility of chief officers 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.

AUDIT REQUIREMENTS

- C.7** The Accounts and Audit Regulations 2003 require every local authority to maintain an adequate and effective internal audit.
- C.8** The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

- C.9** The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

- C.10** The chief finance officer is responsible for the development and maintenance of an anti-fraud and corruption strategy.

ASSETS

- C.11** Chief officers should ensure that records and assets 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.

TREASURY MANAGEMENT

- C.12** The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.13** The full council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in Local Authorities. The policy statement is proposed to the full council by the executive. The chief finance officer has delegated responsibility for implementing and monitoring the statement.
- C.14** All money in the hands of the authority 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 chief finance officer.
- C.15** The chief finance officer is responsible for reporting to the executive a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C.16** All executive decisions on borrowing, investment or financing shall be delegated to the chief finance officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.17** The chief finance officer is responsible for reporting to the executive not less than four times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

STAFFING

- C.18** The full council is responsible for determining how officer support for executive and non-executive roles within the authority will be organised.
- C.19** The head of paid service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the agreed systems for determining the remuneration of a job.

C.20 Chief officers are responsible for controlling total staff numbers by:

- advising the executive on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
- the proper use of appointment procedures.

Financial Regulation D

Systems and Procedures

INTRODUCTION

- D.1** Sound systems and procedures are essential to an effective framework of accountability and control.

GENERAL

- D.2** The chief finance officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by chief officers to the existing financial systems or the establishment of new systems must be approved by the chief finance officer. However, chief officers are responsible for the proper operation of financial processes in their own departments.
- D.3** Any changes to agreed procedures by chief officers to meet their own specific service needs should be agreed in advance with the chief finance officer.
- D.4** Chief officers should ensure that their staff receive relevant financial training that has been approved by the chief finance officer.
- D.5** Chief officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Chief officers must ensure that staff are aware of their responsibilities under freedom of information legislation.

INCOME AND EXPENDITURE

- D.6** It is the responsibility of chief officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the chief officer's behalf, or on behalf of the executive, in respect of payments, income collection and placing orders, together with the limits of their authority. The executive is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

PAYMENTS TO EMPLOYEES AND MEMBERS

- D.7** The chief finance officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

TAXATION

- D.8** The chief finance officer is responsible for advising chief officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.

- D.9** The chief finance officer is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

TRADING ACCOUNTS/BUSINESS UNITS

- D.10** It is the responsibility of the chief finance officer to advise on the establishment and operation of trading accounts.

Financial Regulation E

External Arrangements

INTRODUCTION

- E.1** The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

- E.2** The executive is responsible for approving delegations, including frameworks for partnerships. The executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.3** The executive can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the authority's constitution. Where functions are delegated, the executive remains accountable for them to the full council.
- E.4** The head of paid service represents the authority on partnership and external bodies, in accordance with the scheme of delegation.
- E.5** The monitoring officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships as those that apply throughout the authority.
- E.6** The chief finance officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E.7** Chief officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- E.8** The chief finance officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

WORK FOR THIRD PARTIES

- E.9** The executive is responsible for approving the contractual arrangements for any work for third parties or external bodies.

Appendices

Financial Procedure Rules

Appendix A

Financial Management

FINANCIAL MANAGEMENT STANDARDS

Why are these important?

- 1.01** 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.

Key controls

- 1.02** The key controls and control objectives for financial management standards are:
- (a) their promotion throughout the authority
 - (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the executive and full council.

Responsibilities of the chief finance officer

- 1.03** To ensure the proper administration of the financial affairs of the authority.
- 1.04** To set the financial management standards and to monitor compliance with them.
- 1.05** To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.
- 1.06** To advise on the key strategic controls necessary to secure sound financial management.
- 1.07** To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of chief officers

- 1.08** To promote the financial management standards set by the chief finance officer in their departments and to monitor adherence to the standards and practices, liaising as necessary with the chief finance officer.
- 1.09** To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

MANAGING EXPENDITURE**SCHEME OF VIREMENT****Why is this important?**

- 1.10** The scheme of virement is intended to enable the executive, chief officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources.

Key controls

- 1.11** Key controls for the scheme of virement are:
- (a) it is administered by the chief finance officer within the guidelines below. Any variation from this scheme requires the approval of the full council
 - (b) the overall budget is agreed by the executive and approved by the full council. Chief officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure.
 - (c) virement does not create additional overall budget liability. Chief officers are expected to exercise their discretion in managing their budgets responsibly and prudently. They should not support recurring expenditure from one-off sources of savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year, without the prior approval of the chief finance officer. Chief officers must plan to fund such commitments from within their own budgets.
 - (d) any virement affecting an employee subjective budget head can only proceed with the authorisation of the chief finance officer.

Responsibilities of the chief finance officer

- 1.12** To prepare jointly with the chief officer a report to the head of paid service where virements in excess of £10,000 are proposed.

Responsibilities of chief officers

- 1.13** A chief officer may exercise virement on budgets under his or her control for amounts up to £10,000 on any one budget head during the year, following notification to the chief finance officer and in consultation with the appropriate executive member under arrangements agreed by the full council and subject to the conditions in paragraphs 1.15 to 1.17 below.
- 1.14** Amounts greater than £10,000 require the approval of the head of paid service, following a joint report by the chief finance officer and the chief officer, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year.
- 1.15** Amounts greater than £50,000 require the approval of the full council.

- 1.16** The prior approval of the executive is required for any virement, of whatever amount, where it is proposed to:
- vire between budgets of different accountable executive members
 - vire between budgets managed by different chief officers.
- 1.17** Virement that is likely to impact on the level of service activity of another chief officer should be implemented only after agreement with the relevant chief officer.
- 1.18** No virement relating to a specific financial year should be made after 31 March in that year.
- 1.19** 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.

TREATMENT OF YEAR-END BALANCES

Why is this important?

- 1.20** The authority's Annual Closure of Accounts Memorandum sets out the authority's treatment of year-end balances and is administered by the chief finance officer. Any variation from the Memorandum requires the approval of the full council.
- 1.21** The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. For the purposes of this scheme, a budget heading is a line in the estimates report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA in its Service Expenditure Analysis.

Key controls

- 1.22** Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

Responsibilities of the chief finance officer

- 1.23** To administer the scheme of carry-forward within the guidelines below.
- 1.24** To report all over-spending and under-spending on service estimates carried forward to the executive and to the full council.

Responsibilities of chief officers

- 1.25** Any overspending on service estimates in total on budgets under the control of the chief officer can be carried forward to the following year, and will constitute the first call on service estimates in the following year. The chief finance officer will report the extent of overspendings to be carried forward to the executive and to the full council.
- 1.26** Net underspendings on service estimates under the control of the chief officer may be carried forward, subject to reporting to the executive the source of underspending or additional income and the proposed application of those resources.

ACCOUNTING POLICIES

Why are these important?

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

Key controls

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

Responsibilities of the chief finance officer

- 1.29** 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) separate accounts for capital and revenue transactions
 - (b) the basis on which debtors and creditors at year end are included in the accounts
 - (c) details on material provisions and reserves
 - (d) fixed assets
 - (e) depreciation
 - (f) capital charges
 - (g) work in progress
 - (h) stocks and stores
 - (i) deferred charges
 - (j) accounting for value added tax
 - (k) government grants
 - (l) leasing
 - (m) pensions.

Responsibilities of chief officers

- 1.30** To adhere to the above accounting policies and guidelines approved by the chief finance officer.

ACCOUNTING RECORDS AND RETURNS

Why are these important?

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

Key controls

- 1.32** The key controls for accounting records and returns are:
- (a) all executive members, finance staff and budget managers operate within the required accounting standards and timetables
 - (b) all the authority'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.

Responsibilities of the chief finance officer

- 1.33** To determine the accounting procedures and records to be kept for the authority.
- 1.34** To arrange for the compilation of all accounts and accounting records.
- 1.35** Wherever practicable, to comply with the principle of separation of duties when allocating accounting duties.
- 1.36** To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit Regulations 2003.
- 1.37** To ensure that all claims for funds including grants are made by the due date.
- 1.38** To prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable and with the requirement for the Accounts Committee to approve the statement of accounts on behalf of the full Council by the statutory date.
- 1.39** To administer the authority's arrangements for under- and over-spending to be carried forward to the following financial year.

- 1.40 To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

Responsibilities of chief officers

- 1.41 To consult and obtain the approval of the chief finance officer before making any changes to accounting records and procedures.
- 1.42 To comply with the principles outlined in paragraph 1.38 when allocating accounting duties.
- 1.43 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 1.44 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the chief finance officer.

THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

- 1.45 The authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The full council is responsible for approving the statutory annual statement of accounts.

Key controls

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

Responsibilities of the chief finance officer

- 1.47 To select suitable accounting policies and to apply them consistently.
- 1.48 To make judgements and estimates that are reasonable and prudent.
- 1.49 To comply with the SORP.
- 1.50 To sign and date the statement of accounts, stating that it presents fairly the financial position of the authority at the accounting date and its income and expenditure for the relevant year.

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

Responsibilities of chief officers

- 1.52 To comply with accounting guidance provided by the chief finance officer and to supply the chief finance officer with information when required.

Appendix B

Financial Planning

PERFORMANCE PLANS

Why are these important?

- 2.01** Each local authority has a statutory responsibility to publish various performance plans, including best value performance plans, crime reduction strategies, etc. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement. The authority is required to publish annually the best value performance plan (BVPP), which summarises its performance and position in relation to best value. The BVPP is a key element in the authority's programme of engaging with the public. External audit is required to report on whether the authority has complied with statutory requirements in respect of the preparation and publication of the BVPP.

Key controls

- 2.02** The key controls for performance plans are:
- (a) to ensure that all relevant plans are produced and that they are consistent
 - (b) to produce plans in accordance with statutory requirements
 - (c) to meet the timetables set
 - (d) to ensure that all performance information is accurate, complete and up to date
 - (e) to provide improvement targets which are meaningful, realistic and challenging.

Responsibilities of the chief finance officer

- 2.03** To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 2.04** To contribute to the development of corporate and service targets and performance information.

Responsibilities of the Assistant Chief Executive - Policy & Performance

- 2.05** To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 2.06** To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

Responsibilities of chief officers

- 2.07** To contribute to the development of performance plans in line with statutory requirements.

- 2.08** To contribute to the development of corporate and service targets and objectives and performance information.

BUDGETING

FORMAT OF THE BUDGET

Why is this important?

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

Key controls

- 2.10** The key controls for the budget format are:
- (a) the format complies with all legal requirements and proper accounting practices;
 - (b) the format reflects accountability for service delivery.

Responsibilities of the chief finance officer

- 2.11** To advise the executive on the format of the budget that is approved by the full council.

Responsibilities of chief officers

- 2.12** To comply with accounting guidance provided by the chief finance officer.

REVENUE BUDGET PREPARATION, MONITORING AND CONTROL

Why is this important?

- 2.13** Budget management ensures that once the budget has been approved by the full council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review 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.
- 2.14** By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- 2.15** For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the chief officer's scheme of delegation.

Key controls

2.16 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 a nominated budget manager for each cost centre heading
- (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.

Responsibilities of the chief finance officer

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

- (a) budget management is exercised within annual cash limits unless the full council agrees otherwise
- (b) each chief officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (c) expenditure is committed only against an approved budget head
- (d) all officers responsible for committing expenditure comply with the financial regulations
- (e) each cost centre has a single named manager, determined by the relevant chief officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
- (f) significant variances from approved budgets are investigated and reported by budget managers regularly.

2.18 To administer the authority's scheme of virement.

2.19 To submit reports to the executive and to the full council, in consultation with the relevant chief officer, where a chief officer is unable to balance expenditure and resources within existing approved budgets under his or her control.

2.20 To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of chief officers

2.21 To maintain budgetary control within their departments, in adherence to the principles in 2.17, and to ensure that all income and expenditure are properly recorded and accounted for.

- 2.22** To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the chief officer (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 2.23** To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.24** To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- 2.25** To provide information to the chief finance officer to enable reports on the service's projected expenditure compared with its budget to be made to the executive.
- 2.26** To ensure prior approval by the full council or executive (as appropriate) for new proposals, of whatever amount, that:
- (a) create financial commitments in future years
 - (b) change existing policies, initiate new policies or cease existing policies
 - (c) materially extend or reduce the authority's services.
- 2.27** To ensure compliance with the scheme of virement.
- 2.28** To agree with the relevant chief officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or chief officer's level of service activity.

BUDGETS AND MEDIUM-TERM PLANNING

Why is this important?

- 2.29** The authority 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 authority's plans and policies.
- 2.30** The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the full council. Budgets (spending plans) are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.
- 2.31** Medium-term planning involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the authority is always preparing for events in advance.

Key controls

2.32 The key controls for budgets and medium-term planning 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 the delegations contained within the financial ledgers set by the executive 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.

Responsibilities of the chief finance officer

- 2.33** To prepare and submit reports on budget prospects for the executive, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 2.34** To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the full council, and after consultation with the executive and chief officers.
- 2.35** To prepare and submit reports to the executive on the aggregate spending plans of service units and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 2.36** To advise on the medium-term implications of spending decisions.
- 2.37** To encourage the best use of resources and value for money by working with chief officers 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.
- 2.38** To advise the full council on executive proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.

Responsibilities of chief officers

- 2.39** To prepare estimates of income and expenditure, in consultation with the chief finance officer, to be submitted to the executive.
- 2.40** To prepare budgets that are consistent with any relevant cash limits, with the authority's annual budget cycle and with guidance issued by the executive. The format should be prescribed by the chief finance officer in accordance with the full council's general directions.
- 2.41** To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

- 2.42** In consultation with the chief finance officer and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.
- 2.43** 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) policy requirements as defined by the full council in the approved policy framework
 - (d) initiatives already under way.

RESOURCE ALLOCATION

Why is this important?

- 2.44** 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 and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key controls

- 2.45** The key controls for resource allocation are:
- (a) resources are acquired in accordance with the law and 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 with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the chief finance officer

- 2.46** To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.
- 2.47** To assist in the allocation of resources to budget managers.

Responsibilities of chief officers

- 2.48** To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- 2.49** To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

CAPITAL PROGRAMMES

Why are these important?

- 2.50** Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment 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.
- 2.51** The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key controls

- 2.52** The key controls for capital programmes are:
- (a) specific approval by the full council for the programme of capital expenditure
 - (b) expenditure on capital schemes is subject to the approval of the chief finance officer
 - (c) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the executive
 - (d) approval by the executive where capital schemes are to be financed from the revenue budget, up to a specified amount, and subject to the approval of the full council, where the expenditure exceeds this amount
 - (e) proposals for improvements and alterations to buildings must be approved by the appropriate chief officer
 - (f) schedules for individual schemes within the overall budget approved by the full council must be submitted to the executive for approval (for example, minor works), or under other arrangements approved by the full council
 - (g) the development and implementation of asset management plans
 - (h) accountability for each proposal is accepted by a named manager
 - (i) monitoring of progress in conjunction with expenditure and comparison with approved budget.

Responsibilities of the chief finance officer

- 2.53** To prepare capital estimates jointly with chief officers and the head of paid service and to report them to the executive for approval. The executive will make recommendations on the capital estimates and on any associated financing requirements to the full council. Executive member approval is required where a chief officer proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.
- 2.54** To prepare and submit reports to the executive on the projected income, expenditure and resources compared with the approved estimates.

- 2.55 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of 'capital' will be determined by the chief finance officer, having regard to government regulations and accounting requirements.
- 2.56 To obtain authorisation from the executive for individual schemes where the estimated expenditure exceeds the capital programme provision.

Responsibilities of chief officers

- 2.57 To comply with the guidance concerning capital schemes and controls as contained in the "Projects" section on the Council intranet.
- 2.58 To ensure that all capital proposals have undergone a project appraisal in accordance with the above guidance.
- 2.59 To prepare regular reports reviewing the capital programme provisions for their services. They should also prepare a quarterly return of estimated final costs of schemes in the approved capital programme for submission to the chief finance officer.
- 2.60 To ensure that adequate records are maintained for all capital contracts.
- 2.61 To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the chief finance officer, where required.
- 2.62 To prepare and submit reports, jointly with the chief finance officer, to the executive, of any material variation in contract costs.
- 2.63 To prepare and submit reports, jointly with the chief finance officer, to the executive, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount.
- 2.64 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the chief finance officer and, if applicable, approval of the scheme through the capital programme.

MAINTENANCE OF RESERVES

Why is this important?

- 2.65 The local authority 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 authority 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.

Key controls

- 2.66 To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.

2.67 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.

2.68 Authorisation and expenditure from reserves by the appropriate chief officer in consultation with the chief finance officer.

Responsibilities of the chief finance officer

2.69 To advise the executive and/or the full council on prudent levels of reserves for the authority, and to take account of the advice of the external auditor in this matter.

Responsibilities of chief officers

2.70 To ensure that resources are used only for the purposes for which they were intended

Appendix C

Risk Management and Control of Resources

RISK MANAGEMENT

Why is this important?

- 3.01** 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.
- 3.02** 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.
- 3.03** It is the overall responsibility of the executive to approve the authority's Risk Management Framework and to promote a culture of risk management awareness throughout the authority.

Key controls

- 3.04** 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 authority
 - (b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
 - (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
 - (d) provision is made for losses that might result from the risks that remain
 - (e) procedures are in place to investigate claims within required timescales
 - (f) acceptable levels of risk are determined and insured against where appropriate
 - (g) the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the chief finance officer

- 3.05** To prepare and promote the authority's Risk Management Framework.
- 3.06** To develop risk management controls in conjunction with other chief officers.
- 3.07** To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.

- 3.08** To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of chief officers

- 3.09** To notify the chief finance officer immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the chief finance officer or the authority's insurers.
- 3.10** To take responsibility for risk management, having regard to advice from the chief finance officer and other specialist officers (e.g. crime prevention, fire prevention, health and safety).
- 3.11** To ensure that there are regular reviews of risk within their service units.
- 3.12** To notify the chief finance officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 3.13** To consult the chief finance officer and the monitoring officer on the terms of any indemnity that the authority is requested to give.
- 3.14** To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

INTERNAL CONTROLS

Why are these important?

- 3.15** The authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 3.16** The authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 3.17** The authority 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.
- 3.18** 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.

Key controls

- 3.19** The key controls and control objectives for internal control systems are:
- (a) key controls should be reviewed on a regular basis and the authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
 - (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
 - (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
 - (d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing 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.

Responsibilities of the chief finance officer

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

Responsibilities of chief officers

- 3.21** To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- 3.22** To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the chief finance officer. Chief officers should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 3.23** To ensure staff have a clear understanding of the consequences of lack of control.

AUDIT REQUIREMENTS**INTERNAL AUDIT****Why is this important?**

- 3.24** The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2003 require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

- 3.25** Accordingly, internal audit is an independent appraisal function established by the authority for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Key controls

- 3.26** The key controls for internal audit are:
- (a) that it is independent in its planning and operation
 - (b) the head of internal audit has direct access to the head of paid service, all levels of management and directly to elected members
 - (c) the internal auditors comply with the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.

Responsibilities of the chief finance officer

- 3.27** To ensure that internal auditors have the authority to:
- (a) access authority 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 authority to account for cash, stores or any other authority asset under his or her control
 - (e) access records belonging to third parties, such as contractors, when required
 - (f) directly access the head of paid service, the executive and audit committee as and when necessary
- 3.28** To approve the strategic and annual audit plans prepared by the head of internal audit, which take account of the characteristics and relative risks of the activities involved.
- 3.29** To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of chief officers

- 3.30** 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.
- 3.31** To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 3.32** To consider and respond promptly to recommendations in audit reports.
- 3.33** To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

- 3.34** To notify the chief finance officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the chief officer should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.35** To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the head of internal audit prior to implementation.

EXTERNAL AUDIT

Why is this important?

- 3.36** The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 3.37** The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The latest code of audit practice sets out the auditor's objectives which are to:
- Provide an opinion on the financial statements;
 - Provide a conclusion on the use of resources;
 - Provide a scored judgment on the use of resources and to feed into the Comprehensive Performance Assessment (CPA) process;
 - Undertake work in relation to specified performance indicators to support the service element of CPA; and
 - Provide a report on the Best Value Performance Plan (BVPP).
- 3.38** The authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the authority and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

- 3.39** External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares a code of audit practice, which external auditors follow when carrying out their audits.

Responsibilities of the chief finance officer

- 3.40** 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.
- 3.41** To ensure there is effective liaison between external and internal audit.

- 3.42** To work with the external auditor and advise the full council, executive and chief officers on their responsibilities in relation to external audit.

Responsibilities of chief officers

- 3.43** 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.
- 3.44** To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

Why is it this important?

- 3.45** The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.
- 3.46** The authority'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.
- 3.47** The authority also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without thought or actions involving fraud and corruption.

Key controls

- 3.48** The key controls regarding the prevention of financial irregularities are that:
- (a) the authority has an effective anti-fraud and anti-corruption strategy and maintains a culture that will not tolerate fraud or corruption
 - (b) all members and staff act with integrity and lead by example
 - (c) senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt
 - (d) high standards of conduct are promoted amongst members 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.

Responsibilities of the chief finance officer

- 3.49** To develop and maintain an anti-fraud and corruption strategy.
- 3.50** To maintain adequate and effective internal control arrangements.
- 3.51** To ensure that all suspected irregularities are reported to the head of internal audit, the head of paid service, the executive and the audit committee.

Responsibilities of chief officers

- 3.52** To ensure that all suspected irregularities are reported to the chief finance officer.
- 3.53** To instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 3.54** To ensure that where financial impropriety is discovered, the chief finance officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.
- 3.55** To maintain a departmental register of interests.

ASSETS**SECURITY****Why is this important?**

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

Key controls

- 3.57** 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 authority and are properly accounted for
 - (b) resources are available for use when required
 - (c) resources no longer required are disposed of in accordance with the law and the regulations of the authority so as to maximise benefits
 - (d) an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset
 - (e) all staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation
 - (f) all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's computer and internet security policies.

Responsibilities of the chief finance officer

- 3.58** To ensure that an asset register is maintained in accordance with good practice. All assets with either a purchase price (if known) or an approximate replacement value of over £100 should be included. Highly desirable portable assets with a lower value may also be included. The function of the asset register is to provide the authority with information about fixed assets so that they are:
- safeguarded
 - used efficiently and effectively
 - adequately maintained.
- 3.59** To receive the information required for accounting, costing and financial records from each chief officer.
- 3.60** To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).

Responsibilities of chief officers

- 3.61** The corporate property officer shall maintain a property database in a form approved by the chief finance officer for all land and property currently owned or used by the authority. Any use of land or property by a service unit should be supported by documentation identifying terms, responsibilities and duration of use.
- 3.62** To ensure that lessees and other prospective occupiers of council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the chief officer in consultation with the chief finance officer, has been established as appropriate.
- 3.63** To ensure the proper security of all buildings and other assets under their control.
- 3.64** Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the chief officer and the chief finance officer.
- 3.65** To pass title deeds to the appropriate chief officer who is responsible for custody of all title deeds.
- 3.66** To ensure that no authority asset is subject to personal use by an employee without proper authority.
- 3.67** To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority.
- 3.68** To ensure that the service unit maintains a register of moveable assets in accordance with arrangements defined by the chief finance officer.
- 3.69** To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.

- 3.70 To consult the chief finance officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 3.71 To ensure cash holdings on premises are kept to a minimum.
- 3.72 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 chief finance officer as soon as possible.
- 3.73 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the chief finance officer, the executive agrees otherwise.
- 3.74 To assist with the valuation of assets for accounting purposes to meet requirements specified by the chief finance officer.
- 3.75 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way.

INVENTORIES

- 3.76 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery. All assets with either a purchase price (if known) or an approximate replacement value of over £100 should be included. Highly desirable portable assets with a lower value may also be included.
- 3.77 To carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the authority.
- 3.78 To make sure that property is only used in the course of the authority's business, unless the chief officer concerned has given permission otherwise.

STOCKS AND STORES

- 3.79 To make arrangements for the care and custody of stocks and stores in the department.
- 3.80 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 3.81 To investigate and remove from the authority's records (ie write off) discrepancies as necessary, or to obtain executive approval if they are in excess of a predetermined limit.

- 3.82** To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the chief finance officer, the executive decides otherwise in a particular case.
- 3.83** To seek executive approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.

INTELLECTUAL PROPERTY

Why is this important?

- 3.84** Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.
- 3.85** Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

Key controls

- 3.86** In the event that the authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the authority's approved intellectual property procedures.

Responsibilities of the chief finance officer

- 3.87** To develop and disseminate good practice through the authority's intellectual property procedures.

Responsibilities of chief officers

- 3.88** To ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

ASSET DISPOSAL

Why is this important?

- 3.89** 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 authority's contract procedure rules / scheme of delegation.

Key controls

- 3.90 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the authority, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- 3.91 Procedures protect staff involved in the disposal from accusations of personal gain.

Responsibilities of the chief finance officer

- 3.92 To issue guidelines representing best practice for disposal of assets.
- 3.93 To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of chief officers

- 3.94 To comply with the guidelines representing best practice for the disposal of assets issued by the chief finance officer
- 3.95 To ensure that income received for the disposal of an asset is properly banked and coded.

TREASURY MANAGEMENT**Why is this important?**

- 3.96 Many millions of pounds pass through the authority's books each year. This led to the establishment of codes of practice. These aim to provide assurances that the authority'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 authority's capital sum.

Key controls

- 3.97 That the authority's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the authority's treasury policy statement.

Responsibilities of chief finance officer – treasury management and banking

- 3.98 To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's treasury management policy statement and strategy.
- 3.99 To report four times a year on treasury management activities to the executive.
- 3.100 To operate such bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the chief finance officer.

Responsibilities of chief officers – treasury management and banking

- 3.101 To follow the instructions on banking issued by the chief finance officer.

Responsibilities of chief finance officer – investments and borrowing

- 3.102 To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the full council.
- 3.103 To ensure that all securities that are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the appropriate chief officer.
- 3.104 To effect all borrowings in the name of the authority.
- 3.105 To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

Responsibilities of chief officers – investments and borrowing

- 3.106 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 full council, following consultation with the chief finance officer.

Responsibilities of chief officers – trust funds and funds held for third parties

- 3.107 To arrange for all trust funds to be held, wherever possible, in the name of the authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the chief finance officer, unless the deed otherwise provides.
- 3.108 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the chief finance officer, and to maintain written records of all transactions.
- 3.109 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Responsibilities of the chief finance officer – imprest accounts

- 3.110 To provide employees of the authority with cash or bank imprest accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 3.111 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.
- 3.112 To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

Responsibilities of chief officers – imprest accounts

- 3.113 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 chief finance officer 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 chief finance officer 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
- (h) on leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the chief finance officer for the amount advanced to him or her.

STAFFING

Why is this important?

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

Key controls

- 3.115** The key controls for staffing are:

- (a) an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
- (b) procedures are in place for forecasting staffing requirements and cost
- (c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority
- (d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibilities of the chief finance officer

- 3.116** To ensure that budget provision exists for all existing and new employees.
- 3.117** To act as an advisor to chief officers on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of chief officers

- 3.118** To produce an annual staffing budget.
- 3.119** To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).

- 3.120** To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 3.121** 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.
- 3.122** To ensure that the head of human resources and the chief finance officer are immediately informed if the staffing budget is likely to be materially over- or underspent.

Appendix D

Financial Systems and Procedures

GENERAL

Why is this important?

- 4.01** Service units have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. Service units are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 4.02** The chief finance officer has both a professional and a statutory responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key controls

- 4.03** The key controls for systems and procedures are:
- (a) basic data exists to enable the authority'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.

Responsibilities of the chief finance officer

- 4.04** To make arrangements for the proper administration of the authority's financial affairs, including to:
- (a) issue advice, guidance and procedures for officers and others acting on the authority's behalf
 - (b) determine the accounting systems, form of accounts and supporting financial records
 - (c) establish arrangements for audit of the authority's financial affairs
 - (d) approve any new financial systems to be introduced
 - (e) approve any changes to be made to existing financial systems.

Responsibilities of chief officers

- 4.05** To ensure that accounting records are properly maintained and held securely.
- 4.06** To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the chief finance officer.

- 4.07** 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.
- 4.08** 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.
- 4.09** To ensure that the organisational structure provides for an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 4.10** 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.
- 4.11** To ensure that systems are documented and staff trained in their operation.
- 4.12** To consult with the chief finance officer before changing any existing system or introducing new systems.
- 4.13** To establish a scheme of delegation identifying officers authorised to act upon the chief officer's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 4.14** To supply the chief finance officer with details of authorized officers, delegated limits and where appropriate specimen signatures, together with any subsequent variations.
- 4.15** 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.
- 4.16** 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.
- 4.17** To ensure that relevant standards and guidelines for computer systems are observed.
- 4.18** To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 4.19** To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the authority 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.

INCOME AND EXPENDITURE**INCOME****Why is this important?**

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

Key controls

- 4.21** The key controls for income are:
- (a) all income due to the authority 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 authority is paid without delay to the chief finance officer or, as he or she directs, to the authority's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - 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 schedule
 - (i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the chief finance officer

- 4.22** To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.
- 4.23** To approve the form of all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.
- 4.24** To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 4.25** To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 4.26** To ensure that money collected and deposited is reconciled to the bank account on a regular basis.

- 4.27 To agree the write-off of bad debts up to an approved limit in each case and to refer larger sums to the relevant executive member or the executive cabinet.
- 4.28 To approve all debts to be written off in consultation with the relevant chief officer 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 2003.
- 4.29 To obtain the approval of the executive in consultation with the relevant chief officer for writing off debts in excess of the approved limit.
- 4.30 To ensure that appropriate accounting adjustments are made following write-off action.

Responsibilities of chief officers

- 4.31 To establish a departmental charging policy for the supply of goods or services in conjunction with the chief finance officer, which sets out the fees and charges levied by the department and the basis of each charge. The charging policy should include the appropriate charging of VAT, and reviewed annually, in line with corporate policies.
- 4.32 To issue official receipts or to maintain other documentation for income collection.
- 4.33 To hold securely receipts, tickets and other records of income for the appropriate period.
- 4.34 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 4.35 To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail.
- 4.36 To ensure income is not used to cash personal cheques or other payments.
- 4.37 To ensure that details relating to work done, goods supplied, services rendered or other amounts due are recorded correctly and the sums due to the authority are billed promptly.

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

- 4.38 Public money should be spent with demonstrable probity and in accordance with the authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The authority'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 authority's Staff Guide to Procurement.

General

- 4.39** Every officer and member of the authority 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 authority, in accordance with appropriate codes of conduct.
- 4.40** All official orders must be placed on the Authority's financial system. Official orders must be issued for all work, goods or services to be supplied to the authority. Any exceptions must be agreed with the chief finance officer.
- 4.41** All orders on receipt must be checked and correctly recorded on the Authority's financial system.
- 4.42** Apart from petty cash and other payments from advance accounts, the normal method of payment from the authority shall be by BACS. Any exception to this shall be by agreement with the chief finance officer.
- 4.43** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Key controls

- 4.44** The key controls for ordering and paying for work, goods and services are:
- (a) all goods and services are ordered only by appropriate persons and are correctly recorded
 - (b) all goods and services shall be ordered in accordance with the authority's contract procedure 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 authority 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 schedule
 - (g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
 - (h) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of the chief finance officer

- 4.45** To ensure that all the authority's financial systems and procedures are sound and properly administered.

- 4.46 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 4.47 To approve the form of official orders and associated terms and conditions.
- 4.48 To make payments from the authority's funds on the chief officer's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 4.49 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.
- 4.50 To make payments to contractors on the certificate of the appropriate chief officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 4.51 To make payments by the most economical means.

Responsibilities of chief officers

- 4.52 To ensure that official orders have a unique reference number and are used for all goods and services, other than the exceptions specified in 4.41.
- 4.53 To ensure that orders are only used for goods and services provided to the service unit. Individuals must not use official orders to obtain goods or services for their private use.
- 4.54 To ensure that only those staff authorised by him or her approve / authorise orders and to maintain a list of such authorized staff, identifying in each case the limits of their authority.
- 4.55 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. Where appropriate entries should then be made in inventories or stores records.
- 4.56 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
 - (a) receipt of goods or services
 - (b) that the invoice has not previously been paid
 - (c) that expenditure has been properly incurred and is within budget provision
 - (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - (e) correct accounting treatment of tax
 - (f) that the invoice is correctly coded
 - (g) that discounts have been taken where available
 - (h) that appropriate entries will be made in accounting records.
- 4.57 To ensure that two authorised members of staff are involved in the ordering and receiving process.

- 4.58** To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers and details of the limits of their authority shall be forwarded to the chief finance officer.
- 4.59** To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice.
- 4.60** To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the Corporate Procurement Team, which are in line with best value principles and contained in the authority's Staff Guide to Procurement.
- 4.61** To utilise the central purchasing procedures established by the Council in putting purchases, where appropriate, out to competitive quotation or tender as outlined in the Contract Procedure Rules and Staff Guide to Procurement.
- 4.62** To ensure that employees are aware of the national code of conduct for local government employees.
- 4.63** To notify the chief finance officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the chief finance officer.
- 4.64** With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the chief finance officer the systems and procedures to be adopted in relation to financial aspects, including 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.
- 4.65** To notify the chief finance officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 4.66** To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

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

Key controls

- 4.68** 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:
- starters
 - leavers
 - variations
 - enhancements
- and that payments are made on the basis of timesheets or claims
- (b) frequent reconciliation of payroll expenditure against approved budget and bank account
- (c) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
- (d) that Inland Revenue regulations are complied with.

Responsibilities of the chief finance officer

- 4.69** To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 4.70** To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 4.71** To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 4.72** To make arrangements for paying members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.73** To provide secure payment of salaries and wages by the most economical means.
- 4.74** To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.
- 4.75** To ensure that the payroll provider is provided with signatures of personnel officers and officers authorised to sign timesheets and claims.
- 4.76** To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of chief officers

- 4.77** To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 4.78** To notify the Director of Human Resources of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the chief finance officer.

- 4.79** To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 4.80** To send an up-to-date list of the names of officers authorised to sign records to the chief finance officer, together with specimen signatures.
- 4.81** To ensure that payroll transactions are processed only through the payroll system. Chief officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the chief finance officer.
- 4.82** 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 authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the chief finance officer is informed where appropriate.
- 4.83** To ensure that the chief finance officer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

Responsibilities of members

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

TAXATION

Why is this important?

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

Key controls

- 4.86** The key controls for taxation are:
- (a) budget managers are provided with relevant information and kept up to date on tax issues
 - (b) budget managers are instructed on required record keeping

- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the chief finance officer

- 4.87** To complete all Inland Revenue returns regarding PAYE.
- 4.88** To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.
- 4.89** To provide details to the Inland Revenue regarding the construction industry tax deduction scheme.
- 4.90** To maintain up-to-date guidance for authority employees on taxation issues.
- 4.91** To maintain and monitor the Council's partial exemption position.

Responsibilities of chief officers

- 4.92** To ensure (in conjunction with the chief finance officer) that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.
- 4.93** To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 4.94** To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 4.95** To follow the guidance on taxation issued by the chief finance officer.

Appendix E

External Arrangements

PARTNERSHIPS

Why are these important?

- 5.01** 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.
- 5.02** Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

General

- 5.03** 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.
- 5.04** The Council has adopted the Audit Commission's definition of partnership, which defines a partnership as "an agreement between two or more independent bodies to work collectively to achieve an objective"
- 5.05** 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.
- 5.06** Partners have common responsibilities:
- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - (c) be open about any conflict of interests that might arise
 - (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
 - (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - (f) to act wherever possible as ambassadors for the project.

Key controls

- 5.07** The Council's Framework for Partnership Working sets out in detail the procedures to be followed in establishing, managing and contributing to partnerships. The Framework also provides guidance on the governance and control arrangements, which should be in place for all key partnerships.

Responsibilities of the chief finance officer

- 5.08** To review and update the Framework for Partnership Working to ensure that it continues to meet best practice.
- 5.09** To initiate monitoring arrangements to oversee compliance.

Responsibilities of chief officers

- 5.10** To comply with all aspects of the Council's Framework for Partnership Working.

EXTERNAL FUNDING**Why is this important?**

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

Key controls

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

Responsibilities of the chief finance officer

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

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

5.15 To ensure that audit requirements are met.

Responsibilities of chief officers

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

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

WORK FOR THIRD PARTIES

Why is this important?

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

Key controls

5.19 The key controls for working with third parties are:

- (a) to ensure that proposals are costed properly in accordance with guidance provided by the chief finance officer
- (b) to ensure that contracts are drawn up using guidance provided by the chief finance officer 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.

Responsibilities of chief finance officer

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

Responsibilities of chief officers

5.21 To ensure that the approval of the executive is obtained before any negotiations are concluded to work for third parties.

5.22 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the chief finance officer.

5.23 To ensure that appropriate insurance arrangements are made.

5.24 To ensure that the authority is not put at risk from any bad debts.

5.25 To ensure that no contract is subsidised by the authority.

- 5.26** To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5.27** To ensure that the service unit has the appropriate expertise to undertake the contract.
- 5.28** To ensure that such contracts do not impact adversely upon the services provided for the authority.
- 5.29** To ensure that all contracts are properly documented.
- 5.30** To provide appropriate information to the chief finance officer to enable a note to be entered into the statement of accounts.

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Report of	Meeting	Date
Assistant Chief Executive (Policy & Performance) (Introduced by the Executive Member for Policy and Performance)	Council	24 th May 2008

Chorley's Annual Report 2007/08

PURPOSE OF REPORT

To present a draft version of the Annual Report (Best Value Performance Plan) 2007/08.

RECOMMENDATION(S)

That the draft format be approved and agreement given that final approval be delegated to the Executive Leader to sign-off the document by 30th June statutory deadline for publication.

EXECUTIVE SUMMARY OF REPORT

The council has produced an Annual Report for the last two years and in doing so has fulfilled the requirement to produce a Best Value Performance Plan (BVPP) by 30th June deadline. Following the enactment of Local Government and Public Involvement in Health Bill, this is the last year we will need to publish a BVPP by the end of June deadline and include within it a range of prescriptive information. However, the intention will be to continue to produce an Annual Report thereafter as it represents an important opportunity to communicate with our customers and stakeholders about our performance and our future plans. The Annual Report is also a key element of our Use of Resources assessment.

The report below outlines the suggested content and format of this years Annual Report. The headline sections to be included in the report are:

Message from the leader and Chief Executive

Our Vision, Priorities and Strategic Objectives**Big issues for the Borough****The Council's Environmental Footprint****How we have performed for you in 2007/08 and what we have planned for 2008/09****REASONS FOR RECOMMENDATION(S)**

To ensure that we are able to produce and publish the Annual Report by the 30th of June 2008 (the statutory date for publication).

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None

CORPORATE PRIORITIES

This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region	✓	Develop local solutions to climate change.	✓
Improving equality of opportunity and life chances	✓	Develop the Character and feel of Chorley as a good place to live	✓
Involving people in their communities	✓	Ensure Chorley Borough Council is a performing organization	✓

BACKGROUND

Until recently, all councils had to produce a Best Value Performance Plan (BVPP) by 30th June each year, to meet the requirements of the Best Value regime.

The 2007 Local Government and Public Involvement in Health Bill introduced a new set of National Indicators to replace BVPIs and removed the requirement for all English Best Value authorities (apart from police authorities) to produce BVPPs with effect from 1 April 2008. However, in order to ensure that Local authorities report their BVPI outturn performance for the preceding year a short term one-off measure has been introduced by the Department for Communities and Local Government to retain the requirement for Best Value authorities to compile a BVPP for a further year and by the end of June 2008

While some local authorities produce BVPPs merely to meet government requirements, Chorley has re-branded the Best Value Performance Plan as an Annual Report and uses it

as a key mechanism for communicating messages about our performance, our vision and our plans for the future to external audiences, such as the public or key stakeholders. The Annual Report is also an important mechanism for meeting some of the requirements of the Use of Resources assessment and played a key part in our submission last year. In order to retain our score of 4 for Use of Resources the annual report will need to meet a number of key requirements.

As in the previous year the intention is to also use this years Annual Report as an opportunity to communicate some of our key successes and to reflect the progress the Borough has made to date. The report will also set out some of the key challenges and opportunities facing the Council.

We will continue to produce an Annual Report in future years using the new freedoms and flexibilities given to us by the lifting of statutory requirements. This will ensure that the document better meets the needs of our customers and stakeholders and is truly effective as possible as a means of communication.

Format and contents

Work has commenced in developing the content of the Annual Report and a proposed format is set out below with the work in progress document attached for approval. However, given that there is no Council meeting in June it will not be possible to bring any final changes before council prior to the publication deadline, hence the request to adopt the same approach as that taken last year to secure delegated responsibility to the Executive Leader to approve the final draft.

The proposed format for this year's Annual Report is set out below:

Look and feel:

A short succinct document with a chatty, conversational style, with an emphasis placed on what we are doing to improve the Borough for our customers and communities. A move away from focusing on the Corporate Strategy, which has been well communicated in previously years and is available on the website. Numerous pictures of partners and residents around Chorley.

Message from the leader and Chief Executive

Sets out the context for the report and the tone which the report will take. This will be an opportunity for the leader and chief executive to highlight any key messages and draw attention to the Council's key successes.

Our Vision, Priorities and Strategic Objectives.

This part of the report will set out how the Council’s priorities reflect the priorities of local people and of our Local Strategic Partnership.

Big Issues for the Borough

This part of the report will set out some of the key challenges and opportunities we will face over the coming twelve months. This will allow us to meet the requirement to report in an open and balanced way and ensure that residents and stakeholders are well informed.

The Council’s Environmental Footprint

Setting out the Council’s environmental impact, along with details of what we have done, and what we have planned, to reduce this. This is a requirement of Use of Resources, and also ties in well with the inclusion of climate change as a long-term outcome in the Corporate Strategy.

How we have performed for you in 2007/08 and what we have planned for 2008/09

Setting out our key achievements last year and highlighted some of the exciting projects we have planned for 2008/09.

Looking Back Our Achievements in 2007/08	Looking Ahead Our Plans for 2008/09
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Performance Indicator Information (Corporate Strategy and Best Value Performance Information).

A table setting our performance against the suite of best value performance indicators, detailing where we have hit target and where our performance is improving compared to last year.

Your views

The purpose of this section is to encourage feedback from the public. This will give people a range of options to enable them to respond to the plan and get involved with the council.

IMPLICATIONS OF REPORT

This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	✓

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Sarah Dobson	5325	8 th May 2008	***

Draft Annual Report 2007/08- 2008/09

Message from the Leader and Chief Executive.

Welcome to Chorley's Annual Report for 2007/08. We hope that you find this a useful summary of what has been achieved, where Chorley is heading and the big issues facing the borough in the future.

2007/08 was a great year for the borough. We saw dramatically improved levels of satisfaction with a wide range of Council services, were recognised as a Beacon Council for the first time and were one of the top Council's nationally in terms of providing value for money. As a Council, we had the lowest Council tax rise across the whole of Lancashire; this follows a year with no rise at all.

All of this was achieved while continuing to deliver high quality effective services and punching above our weight in terms of economic development, civic pride and customer services excellence.

2008/09 will be an important year for the Council, as we will be reassessed by the Audit Commission for the first time in four years. This is an important opportunity for the Council to be recognised for the enormous progress we have made with our partners and to learn where we can improve further.

We will make sure we communicate the result of this inspection, and what it will mean for us as a Council, our partners and, most importantly, our customers and community.

We are keen to hear your views, if you would like to comment on anything in this Annual Report, or anything else about the Council, our plans and the services we deliver, please complete the tear off report on the back of this report.

If you provide contact details we will respond to you, we will respond to other enquiries through the Council's Newspaper, Borough News, published three times a year.

Our Vision, Priorities and Strategic Objectives.

Over recent years we engaged in an ongoing conversation with you about what really matters. This has informed the Council's vision:

“The Council’s ambition is for Chorley to become one of the most attractive, caring and vibrant places in the North West in which to live, to work, to invest and visit. People can expect safe, clean, sustainable neighbourhoods with equal access to first class, co-ordinated public services which meet their diverse needs. They can expect high quality local job and training opportunities, a decent home and to be valued and respected by all. They will be able to have their say and influence local services in their areas and to insist on good value for public money. The character of our friendly, contemporary market town will be enhanced whilst ensuring Chorley plays a pivotal role in economic development.

Members of the Cabinet have set out how this translates into Strategic Objectives that underpin what we are committed to delivering over the next three years.

Cllr Peter Goldsworthy

Lead member for developing the character and feel of Chorley and ensuring that Chorley Borough Council is a performing organisation.

‘I strongly believe the Council is here to deliver fantastic, good value services while listening to what the residents of Chorley are telling us, continuing to make Chorley an attractive, vibrant and caring place.

To do this effectively the Council has to be a well performing organisation which can evidence that improvements are happening and that residents are satisfied with the way we are running things.

Evidence, such as dramatic falls in levels of crime across the borough and the Council being awarded Beacon Status, shows that we are doing fantastically well, but are by no means complacent about how hard we will have to work in the future. The Council is working hard to reduce crime and the fear of crime, to ensure that Chorley is a clean and attractive place and to tackle issues which affect our communities such as affordable housing. That is what we are about delivering the things you feel are important and doing it well. ’

Cllr Peter Malpas

Lead member for regional economic development and tackling climate change.

'I am passionate about ensuring that we make the best of the opportunities to develop a vibrant local economy. We have ambitious plans in place to develop the town centre and ensure that it is a thriving heart for the borough. We will make the most of opportunities to attract inward investment, to bring in good quality job opportunities and drive up average earnings across the Borough. We are committed to tackling the challenge of climate change and our impact on the environment locally to ensure that we make the most of the resources we have available while preserving what we have for future generations.'

Cllr Pat Case

Lead member for improving equality of opportunity and life chances.

'We are working hard to ensure that everybody in Chorley has the same opportunity to prosper and achieve. We will work with people living in deprived areas and those who are rurally isolated to tackle the issues they face on a day-to-day basis. We will also work with our partners to ensure that all young people get the best possible start in life providing even more opportunities for them to get active and making sure schools are healthy and happy places.'

Cllr J Walker

Lead member for involving people in their communities.

'Chorley Council is working hard to improve the accessibility of our services. I believe that by working with our partners we can ensure that people accessing public services find this to be a seamless, pleasant experience. We are also working to ensure that our customers and communities are able to participate in the decision making process and influence the Council's agenda'

The Big Issues Facing the Borough.

In last year's Annual Report, we set out some of the key challenges facing the Council. These included job evaluation, delivering high quality, value for money services and providing affordable housing in the borough.

While some of these challenges are ongoing issues, which we will continue to face head on, there are new and emerging challenges which we must also face. We are honest about the big issues facing the Council, some of the difficult decisions we will have to make and how this may impact upon our residents and the services we provide. This is because we believe that if we give our customers and residents the information they need they will be able to feed into and influence the way in which we approach and deal with these challenges as we are ever conscious that we are working on your behalf and so must be accountable to you, our customers and communities.

Economic Uncertainty

The issues around economic stability and the 'credit crunch' which impact on us all as individuals will also have an impact on the borough's economy and the Council must be clear about how it will deal with and plan for any downturn in the economy. We are working hard to tackle issues of housing supply and affordability, our response must plan for the impact of any downturn in the housing market. Our ambitious plans for the borough's economy, particularly the development of a thriving town centre and regeneration projects must be achievable in a climate of economic uncertainty, to ensure that Chorley continues to prosper.

Delivering the Neighbourhoods agenda.

The Council has recognised that the different neighbourhoods across the borough have differing needs and aspirations. We are developing a new way of working which will allow us be more flexible in our approach to neighbourhoods, enabling residents and communities to shape the services we and our partners deliver for them.

Delivering personalised services

The Council has been at the forefront nationally of initiatives seeking to improve the customer experience and tailor our service to individual needs. This was

recognised in the award of Beacon Status. We are now in a position where we need to ask serious questions about whether we can resource services which are tailored to meet individual needs. This will involve engaging in dialogue with our key partners and our customers about what it is most important and how we resource this on an ongoing basis.

The unknown cost of concessionary travel

Concessionary travel is for people aged over 60 and those with disabilities, allowing free/discounted travel on public transport. This is a nationally agreed, demand led, service therefore it is difficult to predict and plan for its true cost. This may have an impact on the Council's budget. This is important as we work as efficiently as we can delivering low cost, high value services, and budgeting for the unknown can have a real impact on the Council's overall financial standing and can make budgeting in the medium and long term very difficult.

The Council's Environmental Footprint

The Council is keen to lead the community and its partners in reducing the impact of climate change and CO2 emissions on the borough as a whole. We have started by looking at our own environmental impact and have set out below the Council's own environmental footprint.

Here we will outline any changes since last year and steps taken to reduce our environmental footprint.

How we have performed for you in 2007/08 and what we have planned for 2008/09 Examples outlined below of the areas we will cover

Looking Back	Looking Ahead
Our Achievements in 2007/08	Our Plans for 2008/09
<p data-bbox="225 461 794 497">Chorley Council- Your Beacon</p> <p data-bbox="225 542 794 922">For the first time, Chorley Council was awarded Beacon Status in 2007 for the category 'Transforming Services, Citizen Engagement and Empowerment'. This scheme is all about sharing best practice in local government and means that Chorley has been recognised as a national leader in delivering great services for our customers.</p>	<p data-bbox="801 461 1361 497">Circle of Need</p> <p data-bbox="801 542 1361 1012">The Council intends to build on its record of excellent in customer services by pioneering a groundbreaking project which looks at identifying and meeting all of the needs a customer may have when accessing one of our services. This will mean working much more effectively with partners to ensure that customers receive a seamless service regardless of the point at which they choose to access public services.</p>
<p data-bbox="225 1115 794 1151">Weeks of Action</p> <p data-bbox="225 1196 794 1666">The Council has been delivering a new way of working in neighbourhoods called Weeks of Action. The Weeks of Action see the Council work with various other bodies to clean up and improve unsightly areas. Weeks of action also see an increase in levels of enforcement action with a crackdown on anti-social behaviour, car tax and those other anti social practices which can have a real impact on our communities.</p>	<p data-bbox="801 1115 1361 1151">Neighbourhood Working</p> <p data-bbox="801 1196 1361 1442">The Council will introduce a whole new way of delivering services on a neighbourhood basis which will change the way we work and see real engagement with, and improvement for, the communities we serve.</p> <p data-bbox="801 1487 1361 1868">Neighbourhood working is all about local people and organisations, such as the Council and the police, working together to plan front line services such as street cleaning, grass cutting and planting, housing and community safety. It gives local people key roles and powers to influence decisions and target resources on the issues that matter most.</p>

<p>Locality Plan</p> <p>The Locality Plan was one of the results of our work last year to improve the way in which two tier (district and county) councils work together to deliver services for our communities. The plan sets out clearly and understandably what the district and county council are committed to delivering both individually and together. There are plans to further build upon the success of this project in 2008/09 and beyond.</p>	<p>Chorley Smile Civic Pride campaign</p> <p>Chorley Council was the first in Lancashire to launch a civic pride campaign. This is all about getting people involved in improving their neighbourhoods, developing a real sense of pride about the borough and the neighbourhoods where we live. We have ambitious plans to take this successful and well-received initiative even further in 2008/09, including the Chorley Smile Awards. This will see people in the community recognised and rewarded for the contribution they make to improving life in Chorley.</p>
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Performance Indicator Information (Corporate Strategy and Best Value Performance Information).

An overall summary of how well we have performed will be set out here. Along with the tables showing our outturn performance for each BVPI. Example attached

BVPI Performance Information for 2007/08

Corporate Health									
	Polarity	2006/07 Outturn	2007/08 Target	2007/08 Outturn	Performance Against Target	Performance Trend	All Eng Best Quartile	All Eng Av	Comment
BV002a The level the Council has achieved against the national Equality standard for Local Government	Bigger is better	1	2	1	☺	☹	NA	NA	
BV002b The score against a checklist of best practice in delivering the duty to promote race equality (expressed as a percentage)	Bigger is better	89%	89%	100%	☹	☹	79	63	
BV008 % Invoices received by the Council paid within 30 days	Bigger is better	84.42%	96.71%	96.50%	☹	☺	96.71%	92.05	

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