

Notice of Meeting

Council

A meeting of the Test Valley Borough Council will be held on

Date: Wednesday 16 November 2022

Time: 5.30 pm

Venue: Upper Guildhall, High Street, Andover, Hampshire SP10 1NT

when your attendance is required to consider the business set out in the agenda.



Head of Legal and Democratic Services

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Legal and Democratic Service

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PUBLIC PARTICIPATION SCHEME

If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.

Council

Wednesday 16 November 2022

AGENDA

**The order of these items may change as a result of members
of the public wishing to speak**

- 1 Prayers**
- 2 Apologies**
- 3 Public Participation**
- 4 Declarations of Interest**
- 5 To approve the minutes of the meeting of the Council
held on 7 September 2022**
- 6 Mayor's Announcements**
- 7 To receive and adopt Committee reports 4 - 33**

To receive and, where necessary, adopt reports of
Committees.
- 8 Questions under Rule 11.1**
- 9 Questions under Rule 11.2**
- 10 Public Sector Decarbonisation Scheme 34 - 41**

The report seeks approval for the delivery of the proposed project at Bourne House should the application to the Public Sector Decarbonisation Scheme be successful.

11	<u>Cross-Local Authority Boundary Arrangements for Securing Nutrient (nitrate and phosphate) Neutral Development</u>	42 - 47
	<p>The report seeks authority to enable the Head of Planning and Building to enter into such cross-Local Authority agreements as may be necessary to facilitate the operation of Nutrient Neutrality nitrate and phosphate mitigation/offsetting arrangements.</p>	
12	<u>Regeneration Resourcing</u>	48 - 51
	<p>To set out proposals for increased resource requirement to support the delivery of the two masterplans.</p>	
13	<u>Amendments to the Head of Planning and Building's Delegations</u>	52 - 60
	<p>To consider amendments to the Head of Planning and Building's Delegations</p>	
14	<u>Amendments to the Council's Constitution</u>	61 - 127
	<p>The report sets out proposed changes to the scheme of Delegations to Officers.</p>	
15	<u>Amendments to the Council's Financial Procedure Rules</u>	128 - 192
	<p>To consider an update to the Council's Financial Procedure Rules.</p>	
16	<u>Appointments to Committees</u>	193 - 195
	<p>To seek approval for changes to the membership of a number of the Council's Committees and outside bodies.</p>	
17	<u>Reporting of Urgent Decisions</u>	196 - 205
	<p>This report contains details of urgent decisions made by the Chief Executive and the Leader since 26 October 2021 to date, which Council is asked to note.</p>	
18	Notice of Motion - Rule 1	206

7.2 **To adopt recommendations from the following:**

7.2.1 Cabinet – 26 October 2022

7.2.1.1 Medium Term Financial Strategy 2023/24 – 2025/26

Consideration was given to a report of the Finance and Resources Portfolio Holder which set out the framework within which the 2023/24 budget will be prepared. It also set out the Medium Term Financial Forecast for the General Fund income and expenditure, which will form the basis of the 2023/24 budget.

The strategy considered the potential impact of macro-economic factors such as inflation and interest rate forecasts and the effects they will have on budget planning in the medium term. Having considered the options and the reasons set out in the report, Cabinet agreed to the following:

Recommended:

1. **That the Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26 be approved.**
2. **That the Medium Term Financial Forecast, as shown in Annex 5 to the report, be noted.**

7.2.2 Northern Area Planning Committee – 27 October 2022

Recommendations to follow (if any)

7.2.3 Southern Area Planning Committee – 1 November 2022

Recommendations to follow (if any)

7.2.4 Overview and Scrutiny Committee – 2 November 2022

Recommendations to follow (if any)

Medium Term Financial Strategy 2023/24 – 2025/26

Report of the Finance and Resources Portfolio Holder

Recommended:

1. That the Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26 be approved.
2. That the Medium Term Financial Forecast, as shown in Annex 5 to the report, be noted.

Recommendation to Council

SUMMARY:

- This MTFS sets out the framework within which the 2023/24 budget will be prepared.
- It also sets out the Medium Term Financial Forecast for the General Fund income and expenditure, which will form the basis of the 2023/24 budget.
- The strategy considers the potential impact of macro-economic factors such as inflation and interest rate forecasts and considers the effects they will have on budget planning in the medium term.

1 Introduction

- 1.1 The Constitution sets out the processes for preparing the Council's budget. Cabinet is required to consult with other Committees in formulating the budget proposals to be presented to Council.
- 1.2 The MTFS sets out the key financial assumptions that have been made in producing the Medium Term Financial Forecast and sets out a proposed framework within which to work over the life of the strategy.
- 1.3 All of the options and assumptions in this report relating to any potential budget changes are for indicative planning purposes only. Final decisions on the overall Budget and Council Tax level will not be made until February 2023 once the Local Government Finance Settlement has been announced. These decisions can only be made by Full Council.

2 Background

- 2.1 This MTFS complements the Council's Corporate Plan and sets out a framework for financial decision making. The Corporate Plan makes clear

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what the Council's priorities are, and the MTFs sets out how the financial management process will contribute to delivering these priorities.

2.2 The MTFs has been produced at a challenging time for the Council's finances. Some of the most significant factors include:

- The re-setting of the business rates baseline is still awaited. This could affect almost £3M per annum of retained business income and has been due since 2017. This forecast assumes that no changes will be made that will affect the 2023/24 financial year.
- Inflation is at a decades-high level and will increase the budget requirement for the medium term beyond levels previously assumed.
- Interest rates have begun to increase steadily in recent months. This has the potential to increase investment returns from our cash portfolio, helping to close the budget gap.

2.3 Business Rates

2.3.1 2013 saw a radical change in the world of local government funding. Localisation of business rates had a profound effect on local authority finances and the level of funding risk that individual authorities face.

2.3.2 Despite being embedded for several years, careful, ongoing monitoring is required to ensure that any potential adverse financial impacts are addressed as soon as possible. This is particularly the case for business rates, where the Council retains an element of the growth within a re-set period.

2.3.3 The re-set has been delayed repeatedly and no certainty has been given as to what will happen to accumulated growth when it does eventually happen. The Council continues to grow its business rates base, so the longer the delay, the greater the risk to the Council's finances.

2.3.4 This strategy assumes that all accumulated growth will be lost at a re-set that comes into effect in April 2024. The potential impact of this, together with ways to mitigate the risk, are discussed later in the report.

2.4 Interest Rates

2.4.1 In September 2022, the Bank of England increased the base interest rate for the sixth time in the year, with the new rate set at 2.25%.

2.4.2 Market forecasts largely expect further increases to the base rate before the Council sets its 2023/24 budget. These forecasts show a peak in the summer of 2023 before starting to fall back later in the year.

2.4.3 The Council holds a significant cash investment portfolio, with an average portfolio of approximately £70-80M over the medium term. The higher the interest rate that is forecast, the greater the income the Council will generate from those investments.

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2.4.4 It is therefore likely that the income generated in 2023/24 will be higher than that expected to be achieved over the remainder of the medium term forecast. Care will be taken not to build this peak in income into the base budget to avoid creating budget pressures in later years.

2.5 Inflation

2.5.1 One of the primary reasons for the increases in interest rates noted above is its use to combat the very high levels of inflation currently being experienced, particularly with regard to energy costs.

2.5.2 Bank of England inflation forecasts show inflation peaking in early 2023 before slowly returning to more typical levels over the next two years.

2.5.3 The biggest impacts on the Council's budget will be in terms of pay and energy prices. Despite recent caps being announced, it is forecast that electricity and gas price inflation will be in excess of 100%, adding more than £500,000 to the base budget.

2.6 Coronavirus

All known ongoing financial impacts of the coronavirus pandemic have been built into the budget for 2022/23. The most significant budget adjustment that was needed in the current year was in respect of car parking income, which has fallen by approximately £500,000 per annum from pre-COVID levels.

Other factors affecting the budget

2.7 The Council has approved Masterplans that will underpin the regeneration of both the south of Romsey town centre and Andover town centre. Both of these projects will require considerable Council resources and funding – both revenue and capital.

2.8 The strategy allows for the building of an earmarked reserve to assist with the required feasibility and design studies necessary for the successful implementation of these masterplans; however, as the timetable and programme for future developments is still being prepared, detailed costings are not contained within the strategy. Council has also approved a top-slice of CIL funding to be ring-fenced for regeneration projects that will help address the funding gap.

2.9 As the masterplan projects move towards the delivery phases, it is anticipated that it will be necessary to recruit to new posts that will have the expertise to successfully deliver them. The MTFs makes allowance for that potential growth in the cost base to enable this to happen. Any growth bid will be subject to the usual reporting and approval processes at the appropriate time.

2.10 The Council has ambitious targets set out in its Climate Emergency Action Plan. Delivery of these ambitions will require substantial investment in both our existing asset base as well as new initiatives. The timing and total cost of

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achieving this is far from certain, therefore the MTFS will need to be flexible to enable funding to be identified as projects come forward.

- 2.11 It is unlikely that any real detail will emerge from central government over the next month or so to help inform budget forecasts. However, a focus will be held on news affecting local government that emanates from Westminster.
- 2.12 This MTFS includes a forward look over the next three years, to anticipate additional spending requirements, and the level of savings that will be needed. By anticipating financial pressures now, the Council will be in a better position to meet the challenges ahead in a way that ensures financial resources are targeted to the Council's highest priorities.
- 2.13 The financial forecasts that follow are based on a credible analysis of the potential options, but the potential outcomes are inherently uncertain without answers to the following key questions:
- (a) Will the re-set of the business rates retention scheme be further delayed? If / when it does proceed, how will the treatment of accumulated business rates growth since 2013 be treated? How will the government mitigate the effects of a re-set in the Business Rates Retention Scheme?
 - (b) What funding settlement will local government get in 2023/24? Will the New Homes Bonus and lower tier services grant be continued?
- 2.14 The MTFS forecasts will be revised at least annually to reflect the most up to date issues, priorities and pressures faced by the Council. Further information on any aspect of the Council's finances can be obtained from the Council's [website](#).

3 Financial Management Principles

"We are an ambitious, innovative and optimistic Council. Operating within an environment in which there is an ever increasing demand on our services within tough financial conditions, we have sought to develop and embed our "investing philosophy" at the heart of how we do business as an organisation. Investing is about more than just money; it is about devoting our energy, skills and resources to achieving the best results for our residents and communities" – "Growing Our Potential" the Corporate Plan 2019-23.

- 3.1 The Council has a duty to the public for the responsible use of their money. The Council will at all times conduct its financial affairs in a prudent, responsible manner, but in a way that encourages innovation and achieves improvement.
- 3.2 The following specific principles underpin the Council's financial management arrangements:
- (i) The Council will conduct its financial management with integrity, probity and in accordance with the standards and expectations of a publicly funded body.

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- (ii) The Council will ensure that budgets are aligned to the Corporate Plan and based on realistic estimates.
- (iii) The Council will ensure that consideration is given to addressing a changing climate in the decisions that it takes.
- (iv) The Council will work with partners in the public, private and voluntary sectors to maximise funding available to deliver strategic priorities.

- (v) The Council will base its decision making upon complete, reliable and timely financial information, and a full evaluation of all the financial and risk implications.
- (vi) The Council will ensure that ongoing funding is available before recruiting new staff and will make use of temporary appointments where this will meet business needs.
- (vii) The Council will secure value for money and have regard to environmental considerations in the procurement of supplies and services.
- (viii) The Council will review its fees and charges and seek only to increase charges by amounts commensurate with increases in the costs of providing those services, unless market conditions render this inappropriate.
- (ix) The Council will hold its managers accountable for remaining within their budgets, but will empower them to take the business decisions necessary to do so.
- (x) Before committing to additional expenditure, the Council will ensure that additional funding, improved income and/or savings are identified to meet the extra costs or that the budget growth is justified.
- (xi) The Council will maintain balances and reserves to enable it to respond effectively to unexpected events and opportunities, and sufficient to meet all known future liabilities.
- (xii) The Council will identify savings to support budgetary pressures and not use its general balances; however, use of earmarked reserves may be made to fund specific or one-off items; or to smooth the impact of major changes to base budget assumptions.
- (xiii) The Council will ensure that its published financial information is reliable and understandable.

4 Budget Strategy

Financial Strategy Aims

4.1 The Council's financial aims for the period covering the next three years are set out below. These aims are described in detail in this report and form the overarching aims for each budget setting year within the financial strategy period.

- To maintain a comparatively low Council Tax whilst delivering high

quality frontline services.

- To ensure that the efficiency culture remains embedded within the Council, systematically challenging and securing value for money, particularly through digital transformation and making more services available online.
- To ensure that the Council's resources continue to be focused on meeting the Council's vision for Test Valley and achieving its aims and priorities.
- To ensure that the Council's infrastructure is fit for purpose and that new capital needs are identified and met.
- To ensure that the Council's core ongoing financial position remains stable and continues to support the Council's key aims.
- To continue to seek out new investment opportunities through Project Enterprise, making better use of cash resources to enhance revenue returns.
- To build on the lessons learned through the pandemic by seeking to take advantage of new ways of working.

Budgetary Assumptions

4.2 The budget over the duration of this Strategy is based on the following assumptions:

Revenue

- (a) The Test Valley element of Council Tax being increased annually by £5 in each of the next three years.
- (b) The Andover Special Expenses Levy being re-calculated ahead of the 2023/24 financial year and then being adjusted each year in line with the main TVBC precept for 2024/25 and 2025/26.
- (c) The minimum level of working reserves is maintained at £2.6m over the financial strategy period.
- (d) Earmarked reserves to be used for one-off purposes only or to offset the impacts of the business rates re-set.
- (e) The Council continues to make cashable efficiencies every year to sustainably close forecast budget gaps.
- (f) All budget growth pressures to be contained within the estimate set out in paragraphs 6.11 and 6.13.
- (g) No in-year supplementary estimates will be approved by the Cabinet, although a small contingency provision will be available to meet exceptional or extraordinary items of expenditure.
- (h) All other income will be maximised by thorough fees and charges' reviews.

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4.3.1 The Council will maximise the utilisation of, and rate of return on, the tangible assets it holds on its balance sheet.

4.3.2 All capital expenditure will be funded in accordance with the principles contained in the Prudential Code for Local Authority Capital Finance. All decisions on capital expenditure will ensure that investment is prudent, sustainable and affordable, and that the full implications of all capital expenditure decisions are taken into account in the Council's revenue budget.

4.3.3 The Capital Strategy will be updated in February 2023.

4.4 Review of Reserves

4.4.1 Reserves are an integral part of the financial planning process. They are a way in which financial resources can be carried forward from one financial year to another and enable flexibility in financial planning over the medium term.

4.4.2 The nature of most local services is that they require recurring funding to meet staff and running costs year after year. Reserves are a one-off, finite source of funding. They can cover a shortfall in funding for a specific period but, after they have been exhausted, the underlying shortfall will still be there. Solving this problem may require services to be adjusted to a level which is affordable within the level of funding available.

4.4.3 In previous years, the Council has managed to balance the budget and protect frontline services through a mixture of savings, efficiencies and additional income.

4.4.4 In 2022/23, a draw of £250,000 from the Budget Equalisation reserve was approved to phase in, over two years, the impact of reduced car parking receipts as a result of the pandemic. This strategy does not include draws from earmarked reserves to help meet ongoing revenue pressures.

4.4.5 A summary showing the recent trends in reserve levels held by the Council is shown in the following table. A full breakdown of the different reserves held by the Council is published in the annual Statement of Accounts.

<u>Usable Revenue Reserves</u>	31/3/19	31/3/20	31/3/21	31/3/22	31/3/23
	£000s	£000s	£000s	£000s	£000s
Usable Revenue Reserves					Forecast
General Fund Balance	2,000	2,604	2,604	2,604	2,604
Future risk / budget equalisation	4,948	4,787	3,835	6,302	4,094
Ring-fenced for specific use	11,829	12,143	13,047	14,217	12,311
New or predicted growth	4,779	7,216	10,282	14,028	15,057
Coronavirus Timing Reserves	0	0	7,716	673	0
Total Usable Reserves	23,556	26,750	37,484	37,824	34,066

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- 4.4.6 The above are cash-backed reserves that the Council can apply to future expenditure subject to statutory conditions.
- 4.4.7 Notwithstanding the short-term increases in reserves caused by timing differences around a number of COVID grants and business rates reliefs, there is a trend of increasing reserve levels.
- 4.4.8 This is mainly due to forward planning for major future works, such as the regeneration projects where annual contributions have been made to build a reserve with sufficient capacity to enable project delivery over the medium term. Similarly, the New Homes Bonus has continued to be added to a reserve that can be used to continue funding expenditure such as the Community Asset Fund into the medium term.
- 4.4.9 Unallocated reserves which are held to mitigate future budget fluctuations have remained relatively stable over the period shown.
- 4.4.10 The **General Fund Balance** represents a working balance to help cushion the impact of uneven cash-flows and minimise unnecessary temporary borrowing. It is reviewed annually by the Head of Finance and Revenues and, based on the forecast cash-flows identified in the MTFs, remains at a prudent level. Councillors are recommended to retain a minimum balance in the General Fund of £2.604M.
- 4.4.11 **Earmarked Reserves** are a means of building up funds to meet known or predicted liabilities. The Council maintains a number of revenue earmarked reserves that generally fall into one of the following categories:
- To mitigate the risk of future changes in budget requirements (often referred to as equalisation reserves)
 - For use on future ring-fenced or specifically determined expenditure
 - To finance new or predicted future expenditure requirements
- 4.4.12 Equalisation reserves are held to soften the impact of sudden changes in major income and expenditure headings. This is particularly useful where the Council has no direct control over the macro-economic factors behind, for example, inflation or the timing of a business rates re-set.
- 4.4.13 The Council sets aside funding into service-specific earmarked reserves for a number of reasons. This could be because external grant income has been received and must be used for a specific purpose or to ensure that funding is available for the ongoing maintenance and replacement of Council assets.
- 4.4.14 The two largest examples, as at 31st March 2022, were £7.297M in developer contributions for the long term management of adopted open spaces and £3.070M to fund the Asset Management Plan in the current year.
- 4.4.15 The final sub-category of earmarked reserves is those held for future growth. The largest earmarked reserve the Council carries in its balance sheet is the *New Homes Bonus Reserve*. The New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use.

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- 4.4.16 The Council has not taken this grant into its base budget, but has instead used the reserve to fund projects that have a demonstrable community benefit, such as the Community Asset Fund and funding playground enhancements through the Asset Management Plan.
- 4.4.17 As well as revenue reserves, the Council also maintains a **Capital Receipts Reserve** from the disposal of assets and transfers from the General Fund. The Capital Receipts Reserve can only be used to fund capital expenditure, to repay debt, or to fund credit arrangements subject to the de minimis level set out in the relevant regulations (currently £10,000). All transactions through this reserve are treated in accordance with the provisions of the Local Government Act 2003.
- 4.4.18 The Head of Finance and Revenues has carried out a detailed review of the Council's usable reserves and looking at current levels of balances, he considers that they will remain adequate for meeting the Council's needs over the medium term, provided that reserves are not used to support an underlying budget gap beyond the very short-term.

5 Financial Context

Government Funding

- 5.1 Previous Medium Term Financial Strategies have illustrated the dramatic fall that was felt following the Comprehensive Spending Review (CSR) in 2010. This saw this Council's support through the Settlement Funding Analysis (SFA) fall from £7.11M in 2010/11 to £2.34M in 2019/20.
- 5.2 Since 2019/20, the SFA allocation has remained consistent, with the government meeting the negative Revenue Support Grant position that this Council has found itself in since 2020/21.

The budget forecast in this report has been prepared on the assumption that the Government will continue to fund the RSG adjustment (sometimes called "negative RSG") as it did last year.

Business Rates

- 5.3 The Business Rates Retention Scheme allows Councils to retain a proportion of any growth in business rates income over the baseline amount. The forecasting of business rates income is especially difficult due to the following factors:
- (a) The impact of appeals arising from the national business rates revaluation in 2017/18. A new rating list is being introduced in 2023 which will bring further opportunities for appeals from ratepayers.
 - (b) The potential for further reform of the business rates system. There have been numerous new reliefs implemented in recent years and the

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entire system is subject to lobbying about its fitness for purpose.

- (c) The introduction of an updated rating list with effect from 1st April 2023 and the impact changes in rateable value will have on businesses' ability to pay.
- 5.4 As a consequence of the uncertainties identified above, a cautious approach has been taken as to the amount of retained business rates that have been built into the forecast for 2023/24.
- 5.5 The strategy assumes that there will be a full re-set of the business rates retained income system, effective from April 2024. A reasonable worst case scenario is that accumulated growth of approximately £2.7M per annum could be lost as a result of this process.
- 5.6 However, it is likely that there will be transitional arrangements for those Councils most negatively affected and it will be possible to draw from a dedicated reserve established to mitigate volatility in business rates income. The medium term forecast allows for these mitigations in assessing a forecast budget gap for 2024/25 and 2025/26.
- 5.7 An update to these forecasts will be undertaken once the details of the re-set are confirmed.

Council Tax

- 5.8 Council Tax is one of the Council's main sources of income, generating more than £8M per annum.
- 5.9 The MTFs aims to keep Council Tax at a comparatively low level, taking into account spending priorities and Central Government funding. This should be set in the context of Central Government's expectations of local authorities and already low levels of Council Tax charged in the borough. The current level of Council Tax at £153.91 is still very low - the 27th lowest out of the 181 district councils in England, and the 4th lowest in Hampshire. It is also £38, or 20%, lower than the average Council Tax payable in the rest of England.
- 5.10 The MTFs forecast assumes that Council Tax will be increased by £5 for a band D property in 2023/24. There may need to be an adjustment to the budget forecasts after the government confirms the referendum principles which are usually published in January each year.
- 5.11 In making the assumption that the Council Tax level will increase by £5, it is recognised that the Council continues to maintain a generous Council Tax Support scheme, offering up to 100% relief from Council Tax for pensioners and households in receipt of certain benefits. Up to 90% relief is available for low-income working-age households.

Core Spending Power

- 5.12 As part of the Local Government Finance Settlement, the Government

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publishes what it calls “Core Spending Power”, i.e. the level of revenue likely to be available to each individual local authority. For this Council it comprises the aggregate of:

- (a) The Settlement Funding Assessment amounts;
- (b) The council tax requirement (excluding parish precepts);
- (c) The New Homes Bonus and Lower Tier Services Grant and
- (d) Any transitional grants

- 5.13 As set out in previous paragraphs, the MTFs has been based on assumptions that there will be a full re-set of the Business Rates Retention Scheme from 1st April 2024 and a phasing out of the New Homes Bonus Scheme, leading to a reduction in the Council’s Core Spending Power. The lower-tier services grant was introduced in 2021/22 (and continued into 2022/23) to sustain core spending power levels, but there is no certainty that it will be continued.
- 5.14 This forecast assumes that the Lower Tier Services Grant will continue into 2023/24 but at a lower level than was received in the current year.
- 5.15 With accumulated business rates growth expected to be lost from April 2024, there is expected to be a reduction in spending power of around 20% from 2022/23 levels over the medium term.
- 5.16 The table below shows the financial impact of expected changes over the medium term and the increasing reliance on Council Tax as a sustainable source of income:

Core Spending Power Forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Business Rates	5.041	5.084	5.105	2.405	2.405
Revenue Support Grant	-	-	-	-	-
New Homes Bonus	1.575	0.801	-	-	-
Transitional Grants	0.574	-	-	-	-
Council Tax	7.826	8.241	8.578	8.919	9.265
Total Resources	15.016	14.126	13.683	11.324	11.670
Annual % change	-6%	-6%	-3%	-17%	3%
Proportion raised from Council Tax %	52%	58%	63%	79%	79%

6 Key Budget Pressures and Influences

- 6.1 The largest source of cost pressure comes from inflation. In order to maintain price stability, the Government has set the Bank of England’s Monetary Policy Committee (MPC) a target for the annual inflation rate of the Consumer Prices Index (CPI) of 2%.
- 6.2 CPI inflation is at a decades-high level, with a rate of inflation of 9.9% in August 2022. One of the main reasons for this is rising utility costs which are far higher than the overall reported figure. More information on inflation rates

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can be found at the link below.

www.ons.gov.uk/economy/inflationandpriceindices - September 2022.

- 6.3 In its August monetary policy report, the Bank of England forecast that inflation is expected to increase further to approximately 13% before starting to fall next year. It is not expected that the 2% target rate will be achieved for around two years.
- 6.4 The impact of inflation, particularly for pay and utility costs has meant that inflation estimates have been increased by £1.6M for 2023/24 above that included in forecast when the current year budget was set in February 2022.

Revenue impact of the Capital Programme

- 6.5 The capital programme is currently financed through a combination of capital receipts supplemented by specific grants and contributions. The balance on the Capital Receipts Reserve at 31st March 2022 was £7.9M.
- 6.6 All known revenue impacts from existing capital projects have been built in to the medium term forecast. No allowance has been made for future revenue impacts arising from capital expenditure decisions.

Interest Rates

- 6.7 The Council's Treasury Adviser, Link Asset Services, has provided the following forecasts of interest rates:

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Bank Rate	4.0%	5.0%	5.0%	5.0%	4.5%	4.0%	3.75%	3.25%	3.0%
5yr PWLb	5.0%	4.9%	4.7%	4.5%	4.2%	3.9%	3.7%	3.5%	3.4%
10yr PWLb	4.9%	4.7%	4.6%	4.3%	4.1%	3.8%	3.6%	3.5%	3.4%
25yr PWLb	5.1%	4.9%	4.8%	4.5%	4.3%	4.1%	3.9%	3.7%	3.6%
50yr PWLb	4.8%	4.6%	4.5%	4.2%	4.0%	3.8%	3.6%	3.4%	3.3%

- 6.8 These forecasts will continue to be reviewed over the next few months. It does show that borrowing is likely to be more expensive in the short term and therefore no new external borrowing is planned in the strategy.
- 6.9 The above table shows the unusual forecast of a short-term spike in interest

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rates that will revert to more typical levels over the next two years.

- 6.10 The MTFs recognises this fluctuation and sets a baseline level with interest rates at 3%. Where it is anticipated that actual returns will be greater than this in any one year, the balance will be recommended to be transferred to reserves rather than building an over-reliance on this income into the base budget.

Potential Budget Pressures

- 6.11 The budget forecast for 2023/24 has built in the impact of new budget approvals that have been confirmed in the year.
- 6.12 The most significant pressure is related to inflation, where forecasts estimate that an additional £500,000 will be required in 2023/24 above existing baseline levels. Inflation will also be a factor across all service areas with an overall forecast that an inflationary pressure of c£1M will be required in total.
- 6.13 Alongside the specific inflationary pressures, there are other known budget pressures that will affect the Council in future years but for which it is not yet possible to identify specific amounts. These include:
- Regeneration of town centres. This a key priority of the Council and it will be necessary to invest heavily in these projects to see their successful implementation.
 - Climate Emergency Action Plan. There is no dedicated funding set aside to deliver our climate change goals at present, However, projects are coming forward that will help deliver the Climate Emergency Action Plan and capacity must be found to adequately finance them.
 - The Environment Act. It is likely that there will be significant change to the way that domestic waste is collected in the short-medium term. This will inevitably be more expensive than the current system, for example through the introduction of weekly food-waste collection, and there is no certainty as to the level of government funding, if any, that will be available to deliver the new requirements.

Project Enterprise

- 6.14 Since 2014, the Council has completed eight commercial property investments; fourteen house purchases, refurbished and re-let a further seven houses; and delivered three regeneration projects on Walworth Business Park – the latter projects in partnership with our development partner, Kier Property Ltd.
- 6.15 The total cost of the property acquisitions to date is in excess of £29M, with an annual income in the 2021/22 financial year of £2.11M (more details can be found in the Project Enterprise Outturn report to Cabinet in June 2022).
- 6.16 The income derived from these investments has been critical to the Council's ability to set balanced budgets without reducing frontline services in recent years, during a time in which core spending power has been dramatically

reduced.

- 6.17 CIPFA and government guidance has been tightened to prevent local authorities from borrowing where commercial investment acquisitions are approved as part of the capital programme. The Council will continue to seek further opportunities for Project Enterprise acquisitions, whilst giving due consideration to any prudential borrowing guidelines that may affect the capital programme or financing of key projects such as the regeneration of town centres.

Hampshire County Council's Savings Proposals

- 6.18 When the 2022/23 budget was set, a revenue pressure of £306,000 was built into the medium term forecast from 2023/24 in respect of Hampshire County Council's (HCC's) plans to transform its budget over the medium term. This pertains to two elements of recycling-related income and expenditure.
- 6.19 It is expected that these changes will not be implemented until April 2024 at the earliest. The medium term forecast has been updated to reflect the likely implementation date of these changes. The deferral of the budget pressure helps to close the budget gap for 2023/24.

7 Overall Revenue Budget Summary

- 7.1 The Revenue Forecasts for 2023/24 to 2025/26 have been drawn up at a macro level. They do not constitute detailed budgets, which will continue to be prepared on an annual basis within the normal timescales. However, the costing of specific issues and evaluation of proposed developments has informed the forecast.
- 7.2 The forecast is based on an expected most likely case scenario using the assumptions shown in annex 2. It should be recognised that there will not be sufficient resources to meet all the service delivery ambitions and priorities of the Council without the generation of significant savings or additional income. This financial strategy for the three year period to 2025/26 should ensure that the financial resources of the Council continue to be aligned to the delivery of the Council's service and organisational priorities.
- 7.3 The budget principles and guidelines outlined in this strategy will allow for a phased use of reserves over the medium term to allow time to adjust to the potential re-basing of retained business rates income levels. The forecast shows that a budget gap of £204,000 remains to be closed for 2023/24, with further increases of over £1M in both 2024/25 and 2025/26.
- 7.4 Current projections indicate the following financial position:

Revenue Budget Summary Statement 2023/24 - 2025/26					
	Para. Ref.	2022/23 £000s	2023/24 £000s	2025/26 £000s	2024/25 £000s
Base budget		9,375.9	9,375.9	13,905.1	13,655.9
Base Budget Changes			530.3	350.9	329.1
Annual Inflation	6.1		1,620.0	800.0	800.0
Collection Fund					
Changes to retained business rates income and levy			2,805.7	(18.0)	
Changes to cost baseline					
Changes to government grant income			340.9	200.0	
Capital Financing Adjustments			4.5	4.5	4.7
Investment Income & Borrowing costs			(1,730.4)	194.5	(6.5)
Budget Pressures			632.0	66.0	(39.0)
Savings and Income			(1,369.0)	(142.0)	236.0
End of New Homes Bonus			2,104.7		
Reserves:					
Transfer to/(from) reserves			(409.5)	(1,705.1)	417.7
General Fund Requirements		9,375.9	13,905.1	13,655.9	15,397.9
Financed by:					
Revenue Support Grant	5.2	0.0	0.0	0.0	0.0
Locally retained Business Rates Baseline	5.3	(2,381.3)	(2,405.0)	(2,405.0)	(2,405.0)
Locally retained Business Rates Growth	5.5	(698.2)	(2,718.0)	0.0	0.0
Transitional relief following Business Rates Reset		0.0	0.0	(1,000.0)	(500.0)
Share of Collection Fund Balance		1,944.9	0.0	0.0	0.0
Council Tax	5.8	(7,901.4)	(8,237.6)	(8,578.7)	(8,924.9)
Special Expenses Levy	4.2 (b)	(339.9)	(339.9)	(339.9)	(339.9)
Total Financing		(9,375.9)	(13,700.5)	(12,323.6)	(12,169.8)
Budget Gap		0.0	204.6	1,332.3	3,228.1

- 7.5 Details of efficiency savings and income generation proposals that have been identified in the early stages of the budget setting process are shown in Annexes 3 and 4 to the report. These relate primarily to additional income and analysis of prior year activity when compared to base budget levels. Cabinet will then decide on which options should be taken forward as recommendations to full Council as part of the budget setting process in February 2023.
- 7.6 The review of reserves in para 4.4 sets out that the Council maintains a number of equalisation reserves to soften the impact of sharp changes to the core budget baseline. The most important of these is the Collection Fund Equalisation Reserve, which is held primarily to cushion the impact of the business rates re-set, when it eventually happens.
- 7.7 The provisional balance on that reserve at 31st March 2022 was £4.070M. It has been assumed that an initial draw of up to £1.5M will be taken in 2024/25 if a business rates re-set adversely affects the Council. This draw would

reduce to £1M and then £500,000 over the following two financial years to bring the new budget position into the base over a three year period.

- 7.8 Use of reserves for any purpose other than to mitigate potential losses from a business rates re-set is not recommended.

8 Achieving the Medium Term Financial Strategy

- 8.1 In recent years the Council has been able to set a balanced budget through a combination of the following:

- Corporate Challenge process
- Procurement savings
- Improving value for money
- Service transformation
- Savings from partnership and shared services
- Generating additional income through use of fees and charges
- Generating additional income through external funding sources
- Generating additional income through Project Enterprise

- 8.2 Whilst the current forecast for 2023/24 is manageable, the medium term position is far less certain with significant risk to one of the main sources of income; the need to finance major regeneration projects; and increasing costs of delivering refuse services potentially all impacting the budget over the period of this strategy.

- 8.3 Without further government support or the certainty of how a business rates re-set will affect our budgets, it is probable that the controlled use of earmarked reserves will be required to balance the budget over the next two or three years. This is not a sustainable position to maintain as reserves can only be used once. However, using reserves in a controlled manner over a defined period will enable the Council to take the time to deliver sustainable savings that continue to deliver the best outcomes for the citizens of Test Valley.

- 8.4 Annex 1 outlines the proposed action plan that will be pursued to ensure that any draws from reserves are kept to the minimum level possible.

9 Capital Strategy

- 9.1 The Capital Strategy will be reviewed and updated in February 2023, but is unlikely to change significantly. The strategy sets out the following key principles:
- (a) Linking together capital requirements related to corporate priorities for new projects and the ongoing capital need to maintain / repair existing assets through the Asset Management Plan
 - (b) Managing the approved Capital Programme in an affordable, financially prudent and sustainable way
 - (c) New bids are introduced to the Capital Programme based on an

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objective prioritisation and understanding of the revenue implications associated with new capital expenditure.

- (d) Monitoring progress against approved budgets will be undertaken regularly by project leads and accounting staff
- (e) Financing capital expenditure, including borrowing requirements, will be in line with the Minimum Revenue Provision (MRP) policy
- (f) Purchase of commercial properties will take due consideration of MRP policy and impacts on the Council's ability to borrow.

9.2 Full details of the existing strategy can be found in the Cabinet report on 23rd February 2022.

10 Corporate Objectives and Priorities

10.1 Using its investing approach, the Council's priorities are focussed on **growing the potential of:**

- **Town Centres** - to adapt and be attractive, vibrant, and prosperous places
- **Communities** - to be empowered, connected and able to build upon their strengths
- **People** - to be able to live well and fulfil their aspirations
- **The Local Environment** - for current and future generations

10.2 The Council will ensure that budgets are directed towards these key priorities. The mechanism for achieving this is the Council's Strategic Planning Framework (corporate clockwork), which includes a timetable for developing budgets and service plans to ensure that budgets are aligned to these priorities.

10.3 The MTFs recognises that a new Corporate Plan for 2023-2027 will be approved in the coming months. The strategy has the ability to flex so that it respond to any new priority areas that the Council may identify over the medium term.

11 Consultations / Communications

11.1 The information contained in this report will form the basis for future discussions about the 2023/24 budget. It will go forward to the Budget Panel of the Overview & Scrutiny Committee for comments on 12th January 2023.

11.2 The budget consultation with businesses will take place in the next three months. The final form of the consultation is not yet decided, but is expected to be carried out online as has been successfully delivered in recent years.

11.3 Once the provisional Local Government Finance Settlement has been received in late December / early 2023 it will be necessary to update the current figures and to take account of the comments made by the Overview

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and Scrutiny Committee and the views of businesses.

12 Risk Management

12.1 A risk assessment has been completed in accordance with the Council's Risk management process and has identified the significant (Red or Amber) risks shown in the following table:

Risk	Likelihood	Impact	Management of Risk
Impact of Business Rates re-set – RED	High B	Critical II	Set aside current growth income into an earmarked reserve to mitigate the impact of the re-set. Closely monitor government messages about the timing and extent of a re-set to enable detailed financial modelling to be undertaken.
Future resources less than assumed - AMBER	Low D	Critical II	Revenue: Assess impact of Local Government Finance Settlement at the earliest opportunity. Monitor collection rates for local taxation and rental income. Capital: Schemes and projects kept on reserve list until resources are confirmed. Monitor the amount of future usable capital receipts.
Insufficient resources are identified to deliver masterplan objectives - AMBER	Significant C	Critical II	Transfer to regeneration reserve included in base budget. Maximum external funding sources to be identified for each stage. Robust project planning and governance process.
Income targets are not achieved - AMBER	High B	Significant III	Monthly monitoring of budgets and projections. Use of the Income Equalisation Reserve if necessary.
Additional costs arising from contract re-negotiation due to inflation / supplier failure - AMBER	Significant C	Critical II	Ensuring that the Council's contracts are thoroughly reviewed to ensure that budgetary impacts are mitigated where possible.
Savings anticipated from reviews are not delivered - AMBER	Low D	Significant III	Renew corporate challenge process in 2022. Continue digital transformation efficiency focus. Closely monitor progress of budget / efficiency savings through monthly budget monitoring. Use of the Budget Equalisation Reserve, if necessary.
Legislative changes not anticipated - AMBER	Low D	Significant III	Keep up to date with Government policy and consultations.
Inflation estimates vary from those assumed - AMBER	High B	Significant III	These factors have a large influence on the revenue budgets. Inflation currently at a higher level than it has been at for many years. Inflationary factors to be reviewed regularly.
Future spending requirements are under-estimated - AMBER	Significant C	Significant III	Review Service Plans and spending projections. Closely monitor progress through budget / performance monitoring.
Staffing budgets are not sufficiently controlled - AMBER	Low D	Significant III	Rigorous process is already in place for filling posts and managing vacancy targets.
Standards of service fall, particularly in non-priority areas - AMBER	Low D	Significant III	Robust performance management framework incorporating quarterly performance monitoring reports.

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Increased demand for homelessness assessments and temporary accommodation - AMBER	High B	Significant III	Review the impact of Universal Credit rollout and the Homelessness Reduction Act additional responsibilities.
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13 Resource Implications

13.1 Resource implications are contained within the Strategy itself.

14 Legal Implications

14.1 The Council is required to set a robust and balanced budget under the Local Government Act 2003. This report is the first step towards achieving this aim for the 2023/24 budget.

15 Equality Issues

15.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EQIA has not been carried out.

16 Conclusion and reasons for recommendation

16.1 This MTFs takes account of all known financial implications and makes various assumptions in projecting the budget forward for the next three years. However, the Council faces significant financial uncertainty resulting from volatility in macro-economic factors beyond its control. This clearly makes any accurate financial planning difficult to achieve.

16.2 Whilst the position for 2023/24 is expected to be manageable, significant savings will need to be found over the remainder of the medium term period and there is the possibility that the controlled use of reserves will be required in the short-to-medium term.

16.3 The MTFs is recommended for approval for the following reasons:

- to ensure that the Council has a strategic approach to the management of its finances, and
- to enable available resources to be allocated to services in line with Council priorities over the medium term.

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<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	5	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Carl Whatley	Ext:	8540
Report to:	Cabinet	Date:	26 October 2022

Action Plan

	Item	Background	Action
1	Aligning budgets to meet the Council’s key priorities	To ensure that funds available for discretionary services are focused at delivering the objectives contained in the Corporate Action Plan (CAP), which is updated each year.	<ul style="list-style-type: none"> • Ensure that CAP projects are costed at the time they are included in the plan. • Ensuring that the revenue implications of capital projects are thoroughly reviewed and built into the budget. • Allowing flexibility in the MTFS to adapt to priorities contained in the new 2023-27 Corporate Plan. • To build up a reserve for use in funding regeneration projects in Andover and Romsey.
2	Revenue budget setting and monitoring	To ensure that the Council sets a balanced budget each year and that variances are promptly identified, justified and reported.	<ul style="list-style-type: none"> • To ensure that all budget holders are adequately trained and supported by an effective accountancy team. • Monthly budget monitoring to be undertaken. Significant variances to be investigated with budget holders and reported on as necessary. • Regular reporting to Cabinet and the Budget Panel throughout the year.
3	Procurement and cost control	To manage the cost of providing ongoing services and drive down the cost of new or renewed service provision through delivering savings in procurement.	<ul style="list-style-type: none"> • To ensure all budget holders are adequately trained in the Council’s Financial Regulations and Contract Standing Orders. • To update Contract Standing Orders to ensure they are easy to understand and support corporate objectives for managing the climate emergency. • To manage vacant posts and review the need for replacements before re-filling positions.

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4	Delivering efficiencies	Focusing on how the services that we provide can be delivered more efficiently and cost-effectively.	<ul style="list-style-type: none"> • Continue to enhance the range of services provided to customers electronically through our digital transformation programme. • Streamlining back office functions to reduce duplication of effort.
5	Income generation	To maximise the income that the Council generates from fees and charges, investments and external sources of funding.	<ul style="list-style-type: none"> • To maintain fees and charges at levels that at least cover the cost of providing the service and to increase charges in line with what the market will bear. • To actively pursue external sources of funding to support ongoing expenditure and one-off projects. • To maximise income from cash investment portfolio management, whilst ensuring that security of capital is prioritised at all times. • To seek out new income streams from commercialisation or expanding the range of services currently available to stakeholders.
6	Sustainability and Climate Change	To focus resources in a manner that supports the Council's Climate Emergency Action Plan.	<ul style="list-style-type: none"> • Continue to include sustainability and the impacts of a changing climate as a core part of assessing new capital requirements. • Use the Asset Management Plan to ensure that new assets are more energy efficient or less harmful to the environment than the asset they are replacing. • Develop environmental sustainability as part of the assessment of new procurement.
7	Capital and Asset Management	To ensure that the Capital Programme and Asset Management Plan are sustainably funded and that projects added to those programmes are properly planned and budgeted.	<ul style="list-style-type: none"> • Ensure that Services identify ongoing maintenance requirements in their areas. • Maintain a rigorous assessment of new capital bids, ensuring that the requirements of the CAP and sustainability are taken into account when approving new projects.

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			<ul style="list-style-type: none"> To identify sustainable budget allocations to ensure that the Council's property, vehicles, plant and IT equipment can be maintained, ensuring maximum useful life from assets.
8	Cashflow management and forecasting	To ensure that treasury management is effectively undertaken, ensuring that excess funds are appropriately invested and that funds are available to meet all cashflow requirements.	<ul style="list-style-type: none"> Update the Treasury Management Strategy Statement and Annual Investment Summary in February each year. Maintain daily monitoring of counterparty creditworthiness to ensure that funds are safely invested. Maintain cashflow forecasts for the year ahead so that cash need is identified in advance.
9	Reserves	Ensure that reserves stay at a safe level to sustain the Council through periods of financial uncertainty.	<ul style="list-style-type: none"> Review, at least annually, the level of the General Fund reserve. To use equalisation reserves in a planned and controlled manner so as not to leave the Council with a budget cliff edge should they be exhausted. Review the underlying need and level of reserves earmarked for specific projects and reallocate them if necessary.
10	Local Taxation	Ensure that income from Council Tax and Business Rates are maximised.	<ul style="list-style-type: none"> Ensure prompt and accurate billing of local taxes, including the award of exemptions and discounts. Maintain effective recovery of amounts owed. Review the impact of changes to the business rates financing regime if / when they are announced.

BUDGET FORECAST 2023/24
SCENARIO PLANNER

	Per Feb 22 Budget Report 2023/24 £'000	Forecast Reasonable Best 2023/24 £'000	Budget Forecast Expected 2023/24 £'000	Forecast Reasonable Worst 2023/24 £'000
Net Cost of Services	15,042.7	15,028.9	15,028.9	15,028.9
Capital Accounting Adjustments	(4,349.7)	(4,349.7)	(4,349.7)	(4,349.7)
Unallocated Inflation	600.0	1,250.0	1,620.0	2,000.0
Net Cost of Services	11,293.0	11,929.2	12,299.2	12,679.2
<u>Corporate Requirements</u>				
Contingency Provision	481.3	56.9	56.9	56.9
Investment Income	(617.2)	(2,617.2)	(2,267.2)	(1,267.2)
Borrowing Costs	145.9	145.9	145.9	145.9
Other Government Grants	(111.0)	(461.1)	(311.1)	(111.1)
Provision for NDR Levy	0.0	2,080.0	2,080.0	0.0
Grants related to business rate reliefs	0.0	(2,061.9)	(2,061.9)	0.0
Transitional arrangements after re-set	0.0	0.0	0.0	(1,000.0)
100% Retention of NDR from Renewable	(398.6)	(398.6)	(398.6)	0.0
Net General Fund Expenditure	10,793.4	8,673.2	9,543.2	10,503.7
Contribution to Earmarked Reserves	(186.5)	1,108.5	1,108.5	(391.5)
Contribution to Asset Management Reserves	1,500.1	1,500.1	1,500.1	1,500.1
Contribution to Capital Reserves	2,490.3	2,490.3	2,490.3	2,490.3
Total General Fund Expenditure	14,597.3	13,772.1	14,642.1	14,102.6
Budget Pressures	0.0	350.0	632.0	1,050.0
Revenue Savings & Income Generation	0.0	(1,650.0)	(1,369.0)	(1,025.0)
Revised Net Budget	14,597.3	12,472.1	13,905.1	14,127.6
SURPLUS / (SAVINGS) TO BE IDENTIFIED	(3,614.8)	1,441.4	(204.6)	(3,444.2)
Budget Requirement	10,982.5	13,913.5	13,700.5	10,683.4
Funded by:				
Council Tax precept	8,237.6	8,237.6	8,237.6	7,978.4
Special Expenses Levy	339.9	352.9	339.9	300.0
Business Rates Income	2,405.0	5,323.0	5,123.0	2,405.0
Total Funding of Budget Requirement	10,982.5	13,913.5	13,700.5	10,683.4

ASSUMPTIONS IN DEVELOPING THE BUDGET FORECAST

Inflation - Increases / decreases in best / worst scenario largely reflect potential for volatility in inflation levels beyond that already forecast.

Investment Income - interest rates have begun to steadily increase with further increases forecast that are hard to predict. Changes in the assumptions here reflect changes to the assumed rate that rates will increase.

NDR Levy - In the expected and best case scenarios, retained growth is sustained for 2023/24. This will mean that a levy is payable on retained growth. In the worst case scenario, a full re-set happens from April 2023 with no levy due on the new baseline.

NDR Grants - An estimate of government grants in compensation for business rates relief schemes that reduce the net income received from business rates.

Renewable Energy Retention - In the expected and best case scenarios, the Council retains income from business rates on renewable energy hereditaments. In the worst case scenario, a full re-set happens from April 2023 and this retention is lost.

Contributions to Reserves - the base budget includes a number of mandatory and discretionary transfers to reserves. These are assumed to continue in accordance with the MTFS in the expected case. Any increase or decrease to these contributions will have a direct impact on the budget gap.

Savings & Pressures - Several potential pressures have been identified in the covering report and an allowance is made for them in the expected forecast. The best / worst case scenarios allow for better or worse

Council Tax precept - Assumes a £5 increase in best and expected cases, with a freeze in the worst case.

Special Expenses Levy - Assumes the charge increases in line with TVBC main precept. Higher tax base assumption in best case.

Business Rates Income - Best and expected case based on continuation of current figures. Worst case reflects full re-set with all accumulated growth lost.

Medium Term - All accumulated business rates growth taken out in expected forecast, with draws from reserves and damping arrangements in place over the medium term period.

SUMMARY OF INCOME GENERATION PROPOSALS

Service	Function	Savings Option Proposed	2023/24 £'000	2024/25 £'000	2025/26 £'000
Legal & Democratic	Legal	Increased Legal Fee income based on previous year's actuals	8	8	8
Property & Asset Mgmt	Investment Properties	Additional income identified based on rent reviews to date and approved new property acquisitions	505	647	647
Property & Asset Mgmt	Public Halls	Increase in Hire of Halls following reduction due to Covid	15	15	15
Environmental Services	Waste Collection	Sale of dry, mixed recycling. This has been volatile but higher in last couple of years. Increased in line with expectations from last year. Short term only as HCC retaining income from 2024	200	200	0
Environmental Services	Green Waste	Garden waste subscriptions income increased to be in line with current income levels	100	100	100
Environmental Services	Waste & Recycling	Sale of glass. Increased in line with expectations from current and prior year. May be short-term with waste reform plans.	36	36	0
Environmental Services	Street Cleaning	Trolley returns income increased to be more in line with current trend and prior year.	20	20	20
Planning and Building	Development Control & Enforcement	Increase in legal fees to reflect higher than expected income this year	10	10	10
Community & Leisure	Managed Sports Facilities	Indexation of management fee income	175	175	175
Total Income Generation Proposals			1,069	1,211	975

SUMMARY OF REVENUE PRESSURES

Service / Ref	Service	Item	2023/24 £'000	2024/25 £'000	2025/26 £'000
PAM	Parking	Increase in car park maintenance requirements, particularly linked to Chantry Centre multi-story car park.	32	32	32
Environmental Services	Vehicle Workshop	Increases in fuel prices	30	20	20
IT	Infrastructure	To cover the cost of new Teams / digital back up solution.	7	7	7
Plan Pol & Econ Dev	Local Development Framework	To fund salary, legal and project costs beyond balance held in LDF reserve.	63	139	100
Total Pressures			132	198	159

MEDIUM TERM FINANCIAL PLAN

	Budget Forecast 2023/24 £'000	Base Changes £'000	Budget Forecast 2024/25 £'000	Base Changes £'000	Budget Forecast 2025/6 £'000
<u>Service Requirements</u>					
Chief Executive's Office	14.0		14.0		14.0
Community & Leisure	2,845.6	31.7	2,877.3	82.3	2,959.6
Environmental Service	6,435.1	306.0	6,741.1		6,741.1
Finance & Revenues	1,793.2		1,793.2		1,793.2
Housing & Environmental Health	2,898.1		2,898.1		2,898.1
I.T.	(5.2)	(20.0)	(25.2)		(25.2)
Legal & Democratic	42.1		42.1		42.1
Planning & Building	2,309.3		2,309.3		2,309.3
Planning Policy & Economic Development	1,605.0		1,605.0		1,605.0
Property & Asset Management	(5,006.8)	59.8	(4,947.0)	246.8	(4,700.2)
Strategy & Innovation	46.5	(26.6)	19.9		19.9
Inflation	1,620.0	800.0	2,420.0	800.0	3,220.0
	14,596.9	1,150.9	15,747.8	1,129.1	16,876.9
<u>Other Requirements</u>					
Net Cost of Benefit Payments	(20.8)		(20.8)		(20.8)
Corporate & Democratic Core	2,072.8		2,072.8		2,072.8
Net Cost of Services	16,648.9	1,150.9	17,799.8	1,129.1	18,928.9
<u>Corporate Requirements</u>					
Contingency Provision	56.9		56.9		56.9
Depreciation Reversal & Capital Charges	(4,554.1)		(4,554.1)		(4,554.1)
Investment Income	(2,267.2)	200.0	(2,067.2)		(2,067.2)
Borrowing Costs	145.9	(5.5)	140.4	(6.5)	133.9
Minimum Revenue Provision	204.4	4.5	208.9	4.7	213.6
Small Business Rate Relief & other S31 grants	(2,061.9)	2062.0	0.1		0.1
Other Government Grants	(311.1)	200.0	(111.1)		(111.1)
New Homes' Bonus	0.0		0.0		0.0
Provision for NDR Levy	2,080.0	(2,080.0)	0.0		0.0
100% retention of NDR from Renewable Energy	(398.6)		(398.6)		(398.6)
Net General Fund Expenditure	9,543.2	1,531.9	11,075.1	1,127.3	12,202.4
Transfer to Earmarked Reserves	1,108.5	(1,705.1)	(596.6)	417.7	(178.9)
Transfer to Asset Management Reserves	1,500.1		1,500.1		1,500.1
Transfer to Capital Reserves	2,490.3		2,490.3		2,490.3
Total General Fund Expenditure	14,642.1	(173.2)	14,468.9	1,545.0	16,013.9
Revenue Pressures	632.0	66.0	698.0	(39.0)	659.0
Savings Options	(300.0)	0.0	(300.0)	0.0	(300.0)
Income Generation Proposals	(1,069.0)	(142.0)	(1,211.0)	236.0	(975.0)
Revised Net Budget	13,905.1	(249.2)	13,655.9	1,742.0	15,397.9
FURTHER SAVINGS TO BE IDENTIFIED	(204.6)	(1,127.7)	(1,332.3)	(1,895.8)	(3,228.1)
General Fund Requirements	13,700.5	(1,376.9)	12,323.6	(153.8)	12,169.8

ITEM 10 Public Sector Decarbonisation Scheme

Report of the Finance and Resources Portfolio Holder

Recommended:

- 1. That the submission of an application for funding through Phase 3b of the Public Sector Decarbonisation Scheme for Bourne House, Romsey be endorsed.**

And, if the application is successful:

- 2. That the Council contribution up to £217,800 towards the cost of project delivery, as set out in paragraph 8.1 and 8.3 of the report, be approved.**
- 3. That delegated authority be given to the Head of Property & Asset Management in consultation with the Finance & Resources Portfolio Holder, the Head of Legal & Democratic Services and the Head of Finance & Revenues to enter into the necessary agreements to enable the delivery of the project outlined.**
- 4. That the estimated cost of the works, contingency provision and external funding contribution be added to the Capital Programme.**

SUMMARY:

- The report outlines the proposed project at Bourne House, submitted as part of an application for funding through Phase 3b of the Public Sector Decarbonisation Scheme.
- The report also recommends the approval of the Council's financial contribution to the project to enable its delivery, should the application be successful.

1 Introduction

- 1.1** The purpose of this report is to seek endorsement for the submission of an application to the Public Sector Decarbonisation Scheme for a project at Bourne House, which would contribute to the implementation of the Council's Climate Emergency Action Plan.
- 1.2** Additionally, if the application is successful, approval is sought for the allocation of the required funds to implement the project, as well as delegation to deliver the project in line with the relevant agreements as part of this scheme.

2 Background

The Public Sector Decarbonisation Scheme (PSDS)

- 2.1** PSDS provides grants for public sector bodies towards the funding of heat decarbonisation and energy efficiency measures. The fund was initiated by the Government Department for Business, Energy and Industrial Strategy (BEIS).

This scheme is administered by Salix¹ and was first launched in 2020. There have been alterations to the focus and criteria for applications to the PSDS through the different phases that have been completed.

- 2.2 The portal for applications through Phase 3b opened on 12 October having been announced in the summer. This phase will allocate up to £635million to public sector organisations to be spent in the financial years 2023/24 and 2024/25, operating on a first come, first served basis. This funding is also being split between different sectors, including education, health and other public sector categories.
- 2.3 The scheme has a range of eligibility criteria around the organisations that can apply and the type of works that can be applied for. A 'whole building' approach is taken whereby energy efficiency works to reduce the heat or electrical demand of the building can be included but there is a cap for the proportion of the grant value that this can represent.
- 2.4 As set out below, based on the requirements of the PSDS, an opportunity was identified to bring forward a project for Bourne House in Romsey. This site provides the base for the Council's Environmental Services in the south of the Borough, whilst also providing some space for hot-desking.
- 2.5 Due to the first come, first served nature of the funding allocation, officers submitted a bid to the PSDS for Bourne House on 12 October. The submission was made subject to Council endorsement of the project and approval of the Council's element of the total project cost. The submission of the bid does not commit the Council to continuing if the bid is not supported by Council.

Proposed Bourne House Scheme

- 2.6 The PSDS Phase 3b guidance set out a number of criteria that would need to be satisfied by any proposal, including that each building includes a fossil-fuelled heating system that should be coming to the end of its useful life. Applications also need to be accompanied by significant information on the proposed projects to be funded (although not requiring detailed design for the application), with works needing to be complete within set timescales. Such factors, therefore, were a key consideration in identifying assets that may be appropriate for applications for funding.
- 2.7 The Council identified a small number sites that could be considered including Bourne House and the Walworth Enterprise Centre. Energy audits had recently been completed for both of these sites, which provided a basis for identifying potential works. In light of the limited time to bring an application together, as well as the ability to implement any proposals, Bourne House was considered to be the best asset to be the subject to an application.

¹ Salix is a non-departmental public body that is owned wholly by the Government.

- 2.8 A consultant was commissioned to support the Council in bringing the necessary information together for an application and to aid in verifying an appropriate mix of proposals for the project. This was intended to build on the existing energy audit while having regard to the specific requirements of the PSDS.
- 2.9 In order to decarbonise the heating system, it is proposed that the gas system is replaced by air source heat pumps. To reduce the demand for heating, supporting works were recommended to improve the insulation of the building. While an air source heat pump would remove the use of gas at the site, it would increase the use of electricity. As such, further proposals were identified to reduce the electricity consumption, including installing additional LED lighting and solar photovoltaic (PV) panels on the roof². Additionally, it is recommended that a Building Management System is installed to enable smarter operation of the heating system, for example to switch the heating off in the workshop when the doors are open. It is anticipated that an air handling unit would be needed within the workshop as part of the scheme. It should be noted that all aspects of the project would need to be reviewed as part of a detailed design stage that would be undertaken if the application for funding is successful.

3 Corporate Objectives and Priorities

- 3.1 The Council declared a climate emergency in 2019 and committed to investigating options to become a carbon neutral organisation. The Council's Climate Emergency Action Plan was approved in 2020. This includes actions on delivering measures to improve energy efficiency and reduce our energy consumption.

4 Consultations/Communications

- 4.1 As the proposal relates to alterations to Bourne House in relation to thermal performance, heating systems, lighting and the installation of solar panels on the roof of the building, no external consultation has been undertaken in relation to submitting an application for funding. Internal engagement has been undertaken with Environmental Services and other services that have the potential to be affected by the proposals.

5 Options

- 5.1 The options considered in this report are:
- Whether to endorse the principles of the application to the PSDS for the works at Bourne House, or not.
 - If the principles of the application are endorsed, whether to approve the budget contribution required by the Council, or not.
- 5.2 If either the principles of the bid or funding are not approved, officers will contact Salix to confirm the decision to withdraw.

² While a 70kWp solar PV proposal was put forward, the actual proposal may need to be of a smaller scale when accounting for the ability of the roof structure to support this.

6 Option Appraisal

Consideration of the submission

- 6.1 The PSDS provides an opportunity to access grant funding to deliver the decarbonisation of heat and energy in publicly owned buildings, along with supporting measures. At present, there remains a significant capital cost difference between conventional fossil-fuel based boilers and alternatives such as air source heat pumps that in effect means that these projects generally do not payback financially within a reasonable timeframe. Therefore, accessing funding such as the PSDS can support the Council in its aspirations to decarbonise where proposals could have significant capital outlays.
- 6.2 For the above reasons it is recommended that the principles of the PSDS submission for Bourne House are endorsed.

Consideration of the budget requirement

- 6.3 Whilst this project does require a significant capital outlay to implement, there is a business case to support it.
- 6.4 If this project does not proceed, the Council will need to invest in the order of £55,000 to replace the existing heating infrastructure within the next 1 to 2 years. This effectively reduces the medium term additional funding requirement to £162,800. Taking into account the forecast savings in gas and electricity budgets over the medium term achieved by the project (including inflation projections for 2023/24), there is a payback period of 9 years, together with the benefit of a reduced carbon footprint.
- 6.5 For these reasons it is recommended that the budget for the project is approved.

7 Risk Management

- 7.1 A full risk assessment will be completed as part of any project implementation.
- 7.2 In order to ensure that any grant award can be spent within the timescale, it is recommended that speculative design works are carried out before confirmation of the award is received. This could include, for example, detailed designs for the solar array and contact with the electricity network operators. Any costs associated with this can be accommodated within the Property & Asset Management Service budget. We have been advised that there may be scope to draw down funding for the delivery of the project from the date any grant offer letter is signed if before 1 April 2023, which is when the funds would otherwise be available from.

- 7.3 If the project proposals are not completed in accordance with the time requirements of the scheme (i.e. all spending complete by 31 March 2024) there is a risk that the Council may not be able to recoup all of the eligible grant costs or face some other penalty that would be set out in the funding agreement. The extent of this risk may be dependent on the progress made towards delivery by the scheme end date. The appointment of contractors will seek to include penalties for non-performance but the inclusion of such clauses may further increase costs.
- 7.4 Given high degree of potential for project costs to increase during design or delivery phases (although some initial contingency has been built in) with current inflation predictions it is recommended that a further contingency is included (see section 8) but accepting that further design development may be required, which could change the package of proposed measures, if inflation increases more than these contingencies.
- 7.5 Given that there will be external modifications to the building, planning permission will be required. Engagement will take place with planning officers as part of the next stage of design to mitigate this risk.
- 7.6 It will be necessary to check electrical capacity of the site in order to manage the increased usage and this could mean discussions with the local supplier to assess works that may be required.
- 7.7 It will be necessary for the design considerations to take into account potential changes to the waste collection service so that any modifications do not negatively impact the running of core services from the site. This would also extend to the phasing of the works to ensure operation of the waste service will continue effectively during any project implementation.
- 7.8 There is a risk that future changes in the energy costs will alter the savings set out within this report.

8 Resource Implications

- 8.1 Based on the analysis undertaken to inform the application, the total project cost is £410,800 (plus allowing for contingency costs of around £28,900). Based on the provisions of the PSDS, up to £221,871 would be eligible for grant funding, resulting in the remaining £217,800 falling to the Council to cover together with any additional inflation contingency set out in 8.6. The specific costs (and potential savings) would need to be reviewed following the detailed design of the scheme.
- 8.2 It is intended that the Council's contribution to the delivery of the project would be funded from a combination of the Special Projects Reserve (£177,000) and the Asset Management Plan (£40,800).
- 8.3 The below table provides a summary of the costs included within the application based on desktop analysis, a site visit, and professional advice and experience of the consultant supporting the application process. This includes provision for design, project delivery and contingency costs.

Measure	Capital Expenditure
Insulation – workshop	27,000
Insulation - office	12,400
Building management system	18,000
LED lighting	47,200
Solar PV panels	81,800
Air source heat pumps	224,400
Recommended additional contingency	28,900
Total capital expenditure	439,700
Less: external funding contribution	221,900
Total budget recommended	217,800

- 8.4 As indicated above, the total cost of the Council’s investment in the project is estimated to be £217,800. After allowing for the saved Asset Management Plan costs in replacing the existing boiler on a like-for-like basis, the additional net cost is approximately £162,800.
- 8.5 Following implementation, it is anticipated that they will deliver an annual saving on energy bills in the order of £18,000. This would result in a payback period in the order of 9 years. However, it should be noted that both the capital costs and savings may alter at the detailed design stage.
- 8.6 It should be noted that the boiler at Bourne House will need to be replaced in the short term irrespective of whether this application is successful or not. It is approximately 13 years old and requires frequent repairs. As part of the PSDS criteria, the cost of a like for like replacement falls beyond the scope of the grant funding³. As noted above, the estimated £55,000 for a boiler replacement in the short-term should also be considered when assessing the overall budget implications of the project as this will be a future cost that can be avoided if the project is completed and is the reason that the Asset Management Plan reserve is recommended as a source of funding for this project. Air source heat pumps have a longer life expectancy than gas boilers, estimating to last between 20 -25 years and unlike a gas boiler they will not require an annual service. An electrical inspection will be required every couple of years. This will also help to reduce ongoing maintenance charges.

9 Legal Implications and Statutory Authority

- 9.1 If the Council’s bid is successful, it will need to enter into a funding agreement with Salix. This agreement will set out the terms and conditions of the grant, including the start and end date for spending and schedules relating to monitoring⁴ and reporting during the grant period. Any funds awarded as a result of a successful bid would need to be spent in accordance with the bid and the funding agreement, unless otherwise agreed in advance with Salix.

³ As part of the application process, a like for like boiler replacement cost of £55,000 was assumed – this accounts for removal of existing equipment, as well as installation & commissioning.

⁴ For information, this is likely to include a commitment to provide monitoring data for three years post-installation to help understand whether the measures achieve the anticipated outcomes. This would be through annual monitoring reports.

10 Equality Issues

- 10.1 There are no equality issues related to this proposal as the consultant's brief will provide that any designs do not impact upon access or changes to routes for the visually impaired.

11 Sustainability and Addressing a Changing Climate

- 11.1 A key focus of the Public Sector Decarbonisation Scheme is to help upgrade the heating systems in public sector buildings to reduce the use of fossil fuels. The project put forward for Bourne House would switch the heating system from gas to an air source heat pump (which requires electrical input), as well as deliver supporting measures intended to reduce the operational energy needs to heat and power the building. Based on the desktop assessment for the application, this could result in a direct carbon saving of about 31 tonnes per annum, with the potential of smaller indirect carbon savings.
- 11.2 The scheme, while requiring significant expenditure by the Council, will demonstrate commitment towards delivering the Council's Climate Emergency Action Plan through a scheme of more sustainable heating and energy reduction.

12 Other Issues

- 12.1 Community Safety – not applicable.
- 12.2 Environmental Health Issues – no specific issues identified at this stage. Should the project proceed, such matters would be further considered at the detailed design stage.
- 12.3 Property Issues – if successful, the project would enable a number of upgrades to Bourne House as described above.
- 12.4 Wards/Communities Affected – Bourne House is located within Romsey Cupernham Ward.

13 Conclusion and reasons for recommendation

- 13.1 This report seeks the endorsement of an application to the Public Sector Decarbonisation Scheme Phase 3b for a project at Bourne House in Romsey. If this application is successful, it also seeks to approval for the allocation of funds and delegated powers to support the delivery of this project.
- 13.2 The project would support the implementation of the Council's Climate Emergency Action Plan through moving away from a fossil fuel powered heating system and installing other measures to improve the energy and thermal performance of this asset.

<p><u>Background Papers (Local Government Act 1972 Section 100D)</u> Climate Emergency Action Plan (2020) Public Sector Decarbonisation Scheme Phase 3b Guidance Notes</p>			
<p><u>Confidentiality</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.</p>			
No of Annexes:	None	File Ref:	N/A
<p>(Portfolio: Finance and Resources) Councillor M Flood Head of Service: Head of Property & Asset Management</p>			
Officer:	Paul Brooks	Ext:	8318
Report to:	Council	Date:	16 November 2022

ITEM 11 Cross-Local Authority Boundary Arrangements for Securing Nutrient (nitrate and phosphate) Neutral Development

Report of the Planning Portfolio Holder

Recommended:

In order to facilitate cross-local authority boundary arrangements for securing nutrient (nitrate and phosphate) neutral development:

- 1. The Head of Planning and Building be authorised to conclude agreements under s106 of the Town and Country Planning Act 1990 in relation to mitigation land within its administrative area required by other local planning authorities as listed in 2 below.**
- 2. The exercise of monitoring and enforcement functions under s106 of the Town and Country Planning Act 1990 in relation to nutrient mitigation land within the Council's administrative area be delegated to:**
 - (i) Basingstoke and Deane Borough Council;**
 - (ii) BCP (Bournemouth Christchurch Poole) Council;**
 - (iii) Dorset Council;**
 - (iv) East Hampshire District Council;**
 - (v) Eastleigh Borough Council;**
 - (vi) New Forest District Council;**
 - (vii) New Forest National Park Authority;**
 - (viii) South Downs National Park Authority;**
 - (ix) Southampton City Council;**
 - (x) West Berkshire Council;**
 - (xi) Wiltshire Council; and**
 - (xii) Winchester City Council.**

subject to:

- a. the relevant authority having entered into an appropriate s106 (of the Town and Country Planning Act 1990) agreement with the Council in relation to the nutrient mitigation land; and**
 - b. that authority having suitably indemnified the Council in respect of any costs and expenses incurred in consequence of failure properly to discharge monitoring and enforcement functions.**
- 3. The Head of Planning and Building be authorised to conclude agreements under s106 in relation to nutrient mitigation land required by the Council outside its administrative area and to exercise monitoring and enforcement functions under s106 where such functions have been properly delegated to the Council by the relevant local authority.**

4. **The Head of Planning and Building be authorised to conclude agreements under s33 Local Government (Miscellaneous Provisions) Act 1982 and in particular to enter into such agreements in relation to nutrient mitigation land required by the Council outside its administrative area and to exercise monitoring and enforcement functions under s33 in relation to such land.**
5. **The Head of Legal and Democratic Services be authorised to make such amendments to the Constitution as may be necessary in consequence of 1-4 above.**

SUMMARY:

- The Council is considering requests to allow Nutrient Neutrality nitrate and phosphate (NNP) mitigation schemes including those which are part of Credit schemes which require the Council to enter into cross-boundary arrangements with neighbouring local authorities to ensure that the mitigation is agreed, provided and monitored and potentially enforced against for the lifetime of the arrangement.
- If the Council does not alter the Council's Constitution to provide the opportunity for this cross-boundary mitigation to take place it will be impossible to allow these types of NNP mitigation to take place.

1 Introduction

- 1.1 The Council has received a number of requests to consider cross-local authority boundary NNP schemes. The current Scheme of Delegation does not provide Officers with the necessary authority to enter into legal agreements and undertakings to provide and monitor such arrangements. The purpose of this report is to seek authority to amend the constitution accordingly

2 Background

- 2.1 In June 2019 Natural England advised Council that in order to satisfy the Habitats Regulations, all new residential development and overnight accommodation which would fall within the Test, and Itchen catchment areas (together with other catchments discharging into the Solent) would need to ensure that it did not result in additional Nitrate loads reaching the waterbodies covered by the international designations (Special Area of Conservation (SAC) and Special Protection Area (SPA) and Ramsar sites in and around the Solent which have a number of protected habitats and bird species. The excessive amount of Nitrates in the water of the Solent has caused eutrophication which has the effect of creating large mats of green algae forming in the estuary which blocks out light and has a harmful impact on the growth and development of micro-organisms in the water which birds feed on. This has, together with other agricultural practices, contributed towards the degradation of the SACs and SPAs.

- 2.2 Natural England has also advised that the river Avon SAC catchment area, which includes a relatively small area of the Borough around Shipton Bellinger and Cholderton, is degrading in its quality due to the amount of phosphates present in the water which has led to algal blooms which disrupt normal ecosystem function and cause major change in the aquatic community, impacting on the protected habitats and species. More recently, in March 2022 Natural England has similarly advised that the river Itchen SAC is also affected by excessive phosphates. For Test Valley, this affects the area draining to the Chickenhall Waste Water Treatment Works which discharges into the Itchen, and to Valley Park and the Hocombe area of Ampfield.
- 2.3 In January 2021 Council agreed a framework setting out options available for Nutrient Neutrality mitigation. This included providing and securing an in perpetuity bespoke off-site mitigation package for the development which would enable it to achieve Nutrient Neutrality.
- 2.4 The Council's preference is for off-site mitigation to be located within the administrative area of Test Valley. However, there is the ability for the applicant to use a mitigation solution that falls outside of the planning administration boundary of the Test Valley but within the affected catchment(s) of: the Test, Itchen or Bartley water watercourses for nitrates; the Itchen catchment for phosphates; and the river Avon catchment (likely to be limited to the Bourne tributary sub-catchment) for phosphates, respectively. Similarly, developments in other districts could use mitigation within Test Valley, where this is located within the same relevant catchment
- 2.5 In order to ensure that NNP mitigation schemes are robustly, delivered, monitored and where appropriate subject to any necessary enforcement measures, legal agreements are usually entered into with developers and landowners. Where mitigation is cross-boundary the co-operation of neighbouring local authorities is required.
- 2.6 The Council has been approached by a number of developers and other Councils who wish us to engage in cross-local authority boundary NNP schemes either to agree to enforce mitigation schemes in our Borough or to agree to mitigation schemes outside of our Borough which relate to planning applications which require this mitigation in order to be acceptable.
- 2.7 In order to allow the Council to engage in cross-boundary agreements, Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 provides the opportunity for neighbouring Councils to agree to ascribe powers of Enforcement to other Councils who may request such powers in relation to monitoring of NNP mitigation schemes. Under section 101 of the Local Government Act 1972 a Local Authority may arrange for the discharge of any of their functions by another Local Authority.
- 2.8 The Council's Constitution does not currently provide for cross-boundary monitoring and enforcement agreements with neighbouring authorities and it is recommended that authority be granted to allow the possibility of these arrangements being made where appropriate.

3 Corporate Objectives and Priorities

- 3.1 The Council's Corporate Plan (2019 – 23) outlines the strategic challenges the Council is facing which includes encouraging inclusive growth within our towns, meeting local housing need and sustaining vibrant rural communities. The Council is also challenged by the government to maintain an up to date 5 year supply of housing. These objectives will all be significantly harder to achieve if the Council is not able to agree to sufficient NNP mitigation schemes to support housing delivery.
- 3.2 The protection of the environment generally and maintaining a high quality of environmental assets and quality of life are also key priorities. The provision of mitigation to achieve NNP neutrality enables the conservation status of the international designated sites to be protected from the adverse effects of excessive nutrients and phosphates.
- 3.3 Achieving NNP neutral development through the provision of mitigation is in line with the Council's Corporate Plan priorities of both People, in meeting housing need, and of protecting The Local Environment.

4 Consultations/Communications

- 4.1 Stakeholders have not been consulted upon as this report concerns the provision of discretionary legal powers which does not have any binding effect on the Council's position in relation to NNP mitigation.

5 Options

Option 1 (recommended)

- 5.1 To amend the Council's Constitution to allow the Head of Planning and Building the ability to agree cross boundary NNP mitigation schemes and associated Monitoring/Enforcement arrangements with other Local Authorities.

Option 2

To maintain the Council's Constitution in its current form, meaning that such arrangements would not be possible.

6 Option Appraisal

Option 1 (recommended)

- 6.1 Altering the Scheme of Delegation and obtaining Council authority to allow cross-boundary mitigation to take place would not bind the Council to exercise these powers but rather put those powers in place should it be appropriate to exercise them. There may be some expectation from planning applicants and developers that the Council is supportive of cross-boundary mitigation schemes and several neighbouring authorities have adopted a similar approach.

Option 2

- 6.2 Maintaining the status quo may present a limited risk to the Council's 5 year supply of housing as developers may find it harder to secure NN mitigation schemes if cross-boundary schemes are not able to be agreed to by this Council.

7 Risk Management

- 7.1 Any reduction in NNP mitigation opportunities may have a modest impact on the Council's housing delivery targets as the Council needs to ensure precautionary levels of mitigation are provided for all new residential development.
- 7.2 Without the ability to monitor and effectively enforce agreed mitigation which relate to development within TVBC's boundary would make any such schemes ineffective and would also be likely to contrary to the Conservation of Habitats and Species Regulations 2017 (Habitat Regulations) and our role as a competent authority. Decisions to grant planning permission without the means of effective enforcement would also leave the Authority open to challenge in the Courts.

8 Resource Implications

- 8.1 A limited amount of Legal and Planning officer time would be required in proceeding with these reports and re-drafting the relevant parts of the Constitution.
- 8.2 A greater degree of resource would need to be directed towards monitoring S106 agreements together with implementing any enforcement action where that might be necessary. Section 106 agreements relating to NNP usually include the requirement for a payment to the local authority to enable monitoring of the NNP mitigation to take place.

9 Legal Implications

- 9.1 The implications of proceeding in accordance with the recommendation are that the Council would be lawfully able to enter into agreements securing NNP mitigation where either mitigation land lies outside its boundary and/or when land outside the Council's administrative boundary (but within the catchment area of the relevant watercourses) requires mitigation in relation to land within its boundary. Section 101 of the Local Government Act 1972 permits local authorities to arrange for the discharge of their functions by another local authority. Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 permits allows covenants by local authorities in relation to land outside its administrative area. Any decision to utilise these powers must be made by Full Council.
- 9.2 The Council is also required within its role as a competent authority under the Habitats Regulations to ensure its decisions protect international designated sites for wildlife and associated habitats such that they are not unduly harmed by development proposals.

10 Equality Issues

10.1 There are no Equality issues arising from this matter.

11 Conclusion and reasons for recommendation

11.1 That the Head of Planning & Building is authorised to enter into such cross-Local Authority agreements as may be necessary to facilitate the operation of nutrient and phosphate mitigation/offsetting arrangements.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Advice on Achieving Nutrient Neutrality for New Development in the Solent Region (SPA, SAC and Ramsar sites); Itchen SAC; and Avon SAC March 2022 Natural England			
<u>Confidentiality:</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
(Portfolio: Planning) Councillor P Bundy			
Officer:	Michael Lowe	Ext:	8161
Report to:	Council	Date:	16 November 2022

ITEM 12 Service Resource – Planning Policy & Economic Development Service (Regeneration)

Report of the Finance and Resource Portfolio Holder

Recommended:

That the funding as set out in section 8 of the report be approved.

SUMMARY:

- The delivery of the masterplans for the two town centres is a key Council objective. The report explains the need and sets out proposals for funding to enable increased resource requirement to support their delivery.

1 Introduction

- 1.1 This report recommends funding for additional resources within Planning Policy & Economic Development Service to facilitate progress with delivering the various projects contained in the Andover and Romsey masterplans.

2 Background

- 2.1 To maximise the ability to progress with both masterplans simultaneously, a need has been identified for additional resources that will build upon the existing resource within the Council. Currently the Regeneration Manager leads the regeneration projects in Andover and Romsey and is the technical expert on strategy, development and delivery. The Council's working arrangements are such that the Regeneration Manager is supported by a number of senior officers across the organisation. This has proved invaluable to understanding the complexities of regeneration and identifying the appropriate course to take in delivering the objectives of both masterplans. However, as the Council and its partners move forward to delivery there is a greater need to provide capacity and technical support within the Regeneration Team.
- 2.2 To complement the Regeneration Manager, two additional specialist roles in the areas of planning and delivery are proposed. The three roles together will manage the various projects as they are brought forward. As the projects will be at different stages, size and scale across the two towns the involvement of the three posts will vary depending on the specific requirements at that time. In addition the roles will continue to be supported by multi-disciplinary teams from both within the Council, consultants and external partners such as Hampshire County Council.

- 2.3 A further post of Regeneration Project manager is also proposed. This post will assist in the management of the projects that fall under the remit of the masterplans. The post-holder will undertake standard project management activities including the organisation of project boards and teams, identifying risks, issues and opportunities with a specific focus and experience within a regeneration/redevelopment background. They will play an active role in supporting the three specialist roles within the Regeneration team so that they are able to bring forward the complex projects to a consistently high standard.

3 Corporate Objectives and Priorities

- 3.1 The Council's corporate plan (Growing Our Potential 2019-23) establishes the importance of our town centres. Supporting the masterplan projects through additional resource will build additional strength to the Council's ability to deliver and the pace of that delivery.

4 Consultations/Communications

- 4.1 The report considers an operational resourcing matter, as such no consultation or communication is required. Any consultation regarding changes to the organisational structure will be undertaken in accordance with Council policy.

5 Options

- 5.1 The options to consider are:

5.1.1 Option 1 – Do not approve the additional resource

5.1.2 Option 2 – Approve the budget impact (recommended)

5.1.3 Option 3 – consider alternative ways to support the delivery of the masterplans.

6 Option Appraisal

Option 1

- 6.1 By not providing the requested additional resource there is a risk that the Council will not be able to achieve the objectives of the Corporate Plan and the two masterplans. This option is not recommended.

Option 2

- 6.2 The resource growth areas outlined in this report arise as a consequence of the Council's regeneration aspirations set out in the Corporate Plan. This is the recommended option.

- 6.3 The proposals in the report do come with a budget consequence (see Resource Implications section, below). However, the Council's Medium Term Financial Strategy 2023/24-25/26 (MTFS) builds in an allowance for the potential growth in requirements. With the benefit of this funding it is recommended that the proposals are approved.

Option 3

- 6.4 The Head of Service has considered options for whether the additional posts could be funded through savings found within the Planning Policy & Economic Development Service. It is the opinion of the Head of Service that reducing capacity in other areas of the Service would only serve to create additional and unjustified pressure on service delivery in other important areas for the Council, such as the Local Plan.
- 6.5 Heads of Service have also considered whether the role and responsibilities that the three proposed posts would fulfil could be undertaken by other officers or through using external consultants. The use of existing officers within the Council would have a negative impact on existing workloads and their specific duties.
- 6.6 The use of consultants funded through the approved Regeneration Reserve will continue in order to provide the detailed specialist guidance that the Council will require. However, there is greater benefit having an internal resource that can focus fully on the masterplans' delivery.
- 6.7 It is for these reasons that Option 3 is not recommended.

7 Risk Management

- 7.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

8 Resource Implications

- 8.1 The resource implications of the three indicative posts (the Head of Planning Policy and Economic Development will finalise posts and grades in accordance with existing delegated powers) are set out in the table below.

Post	Cost (£)
Regeneration Planning Manager	£85,070
Regeneration Delivery Manager	£85,070
Regeneration Project Manager	£65,670
Total	£235,810

- 8.2 As these posts are permanent changes to the Establishment there will be a budget pressure. The MTFs, which has been considered by Council earlier on this agenda, recognises the anticipated budget pressure arising from the need for additional staff.
- 8.3 The net cost of these additional posts will be included into the budget forecast as part of the budget setting process for 2023/24, funded from the growth allowance contained within the MTFs.

9 Legal Implications

9.1 There are no legal implications arising from the recommended option.

10 Equality Issues

10.1 Any future requirement would comply with the necessary equality duties and Council procedures.

11 Conclusion and reasons for recommendation

11.1 As the Andover and Romsey masterplans move from concept to delivery, the need for additional resources has been identified. It is recommended that the additional posts outlined in the report be added to the Establishment.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Graham Smith	Ext:	8141
Report to:	Council	Date:	November 2022

ITEM 13 Amendments to the Head of Planning and Building's Delegations

Report of the Democracy and Governance Portfolio Holder

Recommended:

That the scheme of delegation to the Head of Planning and Building be amended as shown in the Annex to the report.

SUMMARY:

- It is proposed that the Scheme of Delegations for officers be amended as set out in the report.

1 Introduction

- 1.1 The Council's Constitution underpins all of the Council's areas of activity. Ensuring it reflects current legislation and working practices is important.

2 Background

- 2.1 Since the Constitution's adoption, it has remained under review in accordance with Section 37 of the Local Government Act 2000.
- 2.2 A further change is recommended in relation to the scheme of delegation to the officers.

Head of Planning and Building

- 2.3 Under the delegations to the Head of Planning and Building, paragraph 1(b), Members are entitled to request, with reasons, that any application (excluding notifications) be brought before the relevant Planning Committee for determination, rather than being dealt with by the Head of Planning and Building under delegated powers. The term "application" under para. 1(b) is all embracing, and includes not only planning applications – whose merits Members may well wish to see discussed at Committee – but also applications for lawful development certificates, where the planning merits of the development are irrelevant.
- 2.4 An application for a lawful development certificate ("LDC") simply poses the question, whether any particular use of land which has been instituted, or operations carried out on land, are lawful, or whether any use of land, or operations on land, would be lawful, if carried out in the manner described in the application.

- 2.5 Such matters must be determined by the Local Planning Authority (LPA) purely on the basis of the factual evidence available to it, and applying any relevant law. By way of example, a use of land will be lawful if instituted more than ten years prior to the date of an LDC application, and provided that the use has subsisted ever since. So, the job of the LPA in such cases is to examine whether there is evidence before it that the use has subsisted throughout the relevant period and, if it so concludes on the balance of probabilities (the relevant standard of proof), then it must issue the certificate.
- 2.6 It can, therefore, be clearly seen that the planning merits of the development are wholly irrelevant; the question of whether or not the development is harmful, or indeed, to the contrary, simply does not arise, and plays no part in the determination of the matter.
- 2.7 In the circumstances, it is considered that LDC applications should not be capable of being brought to Committee through Member referral because:-
- a) planning merits are not open for discussion. Notwithstanding, if such applications are before Committee, there will be an inevitable temptation to raise merits based arguments, and the public attending may find it difficult to understand why they should not be.
 - b) only facts and law to be considered. Assessing the factual evidence and applying the relevant law are considered to be matters best left for the professional Officers. Evidence may, on occasion, be very extensive, and sometimes sensitive in nature.
 - c) It is difficult to see how Members are likely to be able adequately to examine and evaluate evidence in relation to an LDC application within the rules for the conduct of Planning Committees, which are designed to facilitate debate on merits-based arguments. They are not considered to be an appropriate forum within which to allow examination and evaluation of evidence to take place.

Hence, the recommendation set out above.

3 Corporate Objectives and Priorities

- 3.1 As set out in Article 14 of the Constitution the Monitoring Officer has a duty to monitor and review the operation of the Constitution and ensure that the aims and principles of the Constitution are effective.
- 3.2 Maintaining and improving the Constitution to reflect current legislation and the broader agenda of local government is essential in order to deliver effective and lawful decisions in the day to day implementation of the Corporate Plan.

4 Options

4.1 Options for Recommendations.

4.1.1 Option 1 is the recommended Option for the reasons set out in paragraph 2.2 above.

4.1.2 Option 2 is not to make the change recommended.

5 Option Appraisal

5.1 Option Appraisal

5.1.1 Option 1 is the recommended option and results in the scheme of delegations to officers in relation to the Head of Planning and Building being updated to reflect current practice and ensure the efficient and effective management of Council services.

5.1.2 Option 2 is not recommended. Not approved the proposed changes would result in a less effective scheme of delegation to officers.

6 Risk Management

6.1 A Risk Management questionnaire has been completed and indicates this report does not require a risk assessment because the changes/issues covered by this report are not significant in terms of risk or have previously been considered.

7 Resource Implications

7.1 None

8 Legal Implications

8.1 Section 37 of the Local Government Act 2000 requires the Council to keep its Constitution under review. The lack of an up to date and effective Constitution could increase the risk of governance failures.

9 Equality Issues

9.1 An Equality Impact Assessment of the matters in this report is not required as no potential for unlawful discrimination and/or low level or minor negative impact have been identified.

10 Other Issues

10.1 Community Safety - none

10.2 Environmental Health Issues - none

10.3 Sustainability and Addressing a Changing Climate - none

10.4 Property Issues - none

10.5 Wards/Communities Affected - none

11 Conclusion and reasons for recommendation

11.1 The proposed changes to the Constitution will ensure that the Council is able to continue to operate in an effective and efficient manner.

11.2 In addition, the report sets out a proposed change to the scheme of delegation to officers for the reasons set out in the report.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	N/A
(Portfolio: Democracy and Governance) Councillor I Jeffrey			
Officer:	Karen Dunn	Ext:	8401
Report to:	Council	Date:	16 November 2022

Delegation to Head of Planning and Building Services

- (1) To make decisions on all applications, notifications, consultations, negotiations, serving of notices, and other activities carried out under Town and Country Planning legislation, which are delegated to Head of Planning and Building Services, except as follows:-
 - (a) Applications which are contrary to the provisions of an approved or draft development plan or other statement of approved planning policy where adverse representations have been received and which is recommended for approval.
 - (b) Applications (excluding notifications and applications under s191 and s192, Town and Country Planning Act 1990) where a Member requests in writing, with reasons and within the Application Publicity Expiry Date, that they be submitted to Committee. A Member can withdraw this request at any time prior to the determination of the application to enable its determination under delegated powers.
 - (c) Applications submitted by or on behalf of the Council, or any company in which the Council holds an interest, for its own developments except for the approval of minor developments.
 - (d) Applications where the Head of Planning and Building Services recommends refusal of an application solely on the basis of failure to achieve nutrient neutrality where a Ward Member requests in writing, with reasons, within 72 hours of notification of the recommendation for refusal that they be submitted to Committee for determination. A Member can withdraw this request at any time prior to the determination of the application to enable its determination under delegated powers.
- (2) To determine applications (excluding applications for advertisement consent, certificates of lawfulness, listed building consent, and applications resulting from the withdrawal by condition of domestic permitted development rights; Schedule 2, Part 1, Classes B, C, D, E, F, G, and H of the Town and Country Planning (General Permitted Development) (England) Order 2015 or as amended) on which a material planning objection(s) has been received within the Application Publicity Expiry Date and which cannot be resolved by negotiation or through the imposition of conditions and where the officer's recommendation is for approval, following consultation with the Ward Members, the latter having the right to request that the application be reported to Committee for decision.
- (3) To allocate and release Section 106 developer contributions for external projects up to a maximum of £25,000.00 per project, following consultation with the relevant Ward Members, Portfolio Holder and Head of Finance and Revenues.

- (4) That the holders of the following posts, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Planning and Building from time to time, be authorised to enter land or premises and to carry out any act included in the legislation and subordinate legislation made thereunder and any amendments thereto, as set out in the:

Anti-Social Behaviour Act 2003, Part 8

Environment Act 1995

Forestry Act 1967

Planning (Hazardous Substances) Act 1990

Planning (Listed Building and Conservation Areas) Act 1990

Town and Country Planning Act 1990

50361136	Head of Planning and Building Services
50361139	Development Manager
50361140	Development Manager
50361200	Principal Planning Officer
50361216	Principal Planning Officer
50361212	Senior Planning Officer
50361213	Senior Planning Officer
50361217	Senior Planning Officer
50361218	Senior Planning Officer
50649303	Senior Planning Officer
50649304	Senior Planning Officer
50361330	Senior Planning Officer
50361204	Planning Officer
50361219	Planning Officer
50361220	Planning Officer
50360949	Planning Officer
50361201	Planning Assistant
50361202	Planning Assistant
50361203	Planning Assistant
50361222	Planning Assistant
50361226	Planning Assistant
50361246	Planning Enforcement Manager
50381163	Enforcement Officer
50361248	Enforcement Officer
50361249	Enforcement Officer
50361250	Enforcement Officer
50361063	Team Leader (Trees)
50361064	Arboricultural Officer
50361065	Arboricultural Officer
50361020	Team Leader (Design and Conservation)
50361022	Conservation Officer
50361066	Senior Landscape Architect
50361067	Landscape Officer

- (5) To issue notices pursuant to Sections 171C (Planning Contravention Notices) and 330 (Power to require information as to interests in land) of the Town and Country Planning Act 1990 (as amended).

- (6) That the following postholders, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Planning and Building from time to time, be authorised to issue authorisations pursuant to the Regulation of Investigatory Powers Act 2000.
- 50361139 Development Manager
50361140 Development Manager
- (7) To discharge any of the Council's functions pursuant to the Anti-Social Behaviour Act 2003 Part 6 as amended by the Clean Neighbourhoods and Environment Act 2005 insofar as it relates to graffiti and fly posting.
- (8) To discharge any of the Council's functions pursuant to the Clean Neighbourhoods and Environment Act 2005 Part 2 insofar as it relates to nuisance parking and Part 4 insofar as it relates to graffiti, fly posting and advertisements.
- (9) That the holders of the following posts, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Planning and Building from time to time, be authorised:
- (a) To give fixed penalty notices pursuant to the legislation set out below and any subordinate legislation made thereunder and any amendments thereto.
- (b) To enter land or premises and to carry out any act included in the legislation set out below and any subordinate legislation made thereunto and any amendments thereto.
- Anti-social Behaviour Act 2003 Part 6 (insofar as it relates to graffiti and fly posting)
Clean Neighbourhoods and Environment Act 2005 Part 2 (insofar as it relates to nuisance parking) and Part 4 (insofar as it relates to graffiti and fly posting and advertisements).
- 50361246 Planning Enforcement Manager
50381163 Enforcement Officer
50361248 Enforcement Officer
50361249 Enforcement Officer
50361250 Enforcement Officer
- (10) To approve with or without conditions, or to reject, plans under Building Regulations.
- (11) To serve notices in respect of demolitions and dangerous structures.
- (12) To determine applications for relaxation of Building Regulations and, subject to being satisfied, to issue approval and report thereon to the next meeting of the relevant Development Control Committee.
- (13) To serve notices under Section 25 of the Land Drainage Act 1991.
- (14) To authorise proceedings under Sections 35 and 35A of the Building Act 1984.
- (15) To serve notices in connection with building works requiring either removal or alteration in accordance with Section 36 of the Building Act 1984.

- (16) To appoint consultants to undertake professional services on schemes included in approved capital or revenue estimates.
- (17) To be designated the “Appointing Officer” in accordance with Section 30 of the Party Wall etc. Act 1996.
- (18) In consultation with the Head of Finance and Revenues, to set the levels of charges for building regulation applications.
- (19) That the holders of the following posts, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Planning and Building from time to time, who are qualified in accordance with the legislation are authorised to enter land or premises and to carry out any act included in the Building Act 1984 and the Land Drainage Act 1991 and subordinate legislation made thereunder and any amendments thereto:
- | | |
|----------|--------------------------------|
| 50361232 | Building Control Manager |
| 50361234 | Area Building Control Surveyor |
| 50361235 | Area Building Control Surveyor |
| 50361236 | Area Building Control Surveyor |
| 50361233 | Area Building Control Surveyor |
| 50361237 | Area Building Control Surveyor |
| 50361238 | Technical Assistant |
- (20) That the holders of the following posts, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Planning and Building from time to time, be authorised to enter land or premises and to carry out any act included in the legislation and subordinate legislation made thereunder and any amendments thereto:
- Fire Safety and Safety of Places of Sport Act 1987
Hypnotism Act 1952
Licensing Act 2003
Local Government (Miscellaneous Provisions) Acts 1976 and 1982
Town Police Clauses Acts 1847 and 1889
Public Health Acts 1875 and 1936
- | | |
|----------|--------------------------------|
| 50361232 | Building Control Manager |
| 50361233 | Area Building Control Surveyor |
| 50361234 | Area Building Control Surveyor |
| 50361235 | Area Building Control Surveyor |
| 50361236 | Area Building Control Surveyor |
| 50361237 | Area Building Control Surveyor |
| 50361238 | Technical Assistant |
- (21) To adjust and change charges for pre-application advice should the need arise including taking account of any changes in fee regulations or other legislation and the need for charging not to exceed the cost of service provision.
- (22) To issue updates of the Local Information Requirements Descriptions document as and when appropriate.
- (23) To make decisions on:

- (a) The making of provisional tree preservation orders; and to vary, modify or revoke such orders.
 - (b) The confirmation (with or without modifications) of tree preservation orders where no objections have been received or all objections which may have been received have been withdrawn.
 - (c) Decisions on action to be taken following service of notice on the Council under Section 211 of the Town and Country Planning Act 1990.
 - (d) All related applications, notices and matters under the Town and Country Planning Act 1990 as amended and regulations made thereunder.
 - (e) Matters and activities under relevant sections of the Environment Act 1995 and the Forestry Act 1967 and regulations made thereunder.
 - (f) All notifications, consultations, negotiations, serving of Notices, and other activities under the Planning (Listed Buildings and Conservation Areas) Act 1990 and regulations made thereunder.
- (24) To determine what action should be taken, if any, in relation to notices received pursuant to Section 23 Local Government (Miscellaneous Provisions) Act 1976 (power of local authorities to deal with dangerous trees) and to instruct the Head of Legal and Democratic Services to take such steps as he/she (Head of Planning and Building Services) considers appropriate in cases where, in the opinion of the Head of Planning and Building Services, significant public benefit furthering the Council's corporate objectives and priorities would result from such steps.
- (25) That the holders of the following posts, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Planning and Building from time to time, be authorised to enter land or premises and to carry out any act included in the legislation and subordinate legislation made thereunder and any amendments thereto as set out in the:
- Local Government (Miscellaneous Provisions) Act 1976
- | | |
|----------|------------------------|
| 50361063 | Team Leader (Trees) |
| 50361064 | Arboricultural Officer |
| 50361065 | Arboricultural Officer |
- (26) To deal with and determine all complaints and issue any notices in relation to high hedges pursuant to Part 8 of the Anti-Social Behaviour Act 2003.

ITEM 14 Amendments to the Council's Constitution

Report of the Democracy and Governance Portfolio Holder

Recommended:

- 1. That the scheme of delegation to the Head of Finance and Revenues be amended as shown in Annex 1 to the report.**
- 2. That the scheme of delegations to the Chief Executive be amended as shown in Annex 2 to the report.**
- 3. That the scheme of delegation to the Head of Property and Asset Management be amended as shown in Annex 3 to the report.**
- 4. That the scheme of delegation to the Head of Legal and Democratic Service be amended as shown in Annex 4 to the report.**
- 5. That the amendments to the Contract Standing Orders made by the Head of Legal and Democratic Services under her delegation in consultation with the Democracy and Governance Portfolio Holder as set out in Annex 5 of the report, be noted.**
- 6. That the scheme of delegation to Chief Executive, Deputy Chief Executive and Heads of Service be amended as shown in Annex 6 to the report.**

SUMMARY:

- It is proposed that the scheme of delegation for officers be amended as set out in the report.

1 Introduction

- 1.1 The Council's Constitution underpins all of the Council's areas of activity. Ensuring it reflects current legislation and working practices is important.

2 Background

- 2.1 Since the Constitution's adoption, it has remained under review in accordance with Section 37 of the Local Government Act 2000.
- 2.2 A number of further changes are recommended in relation to the scheme of delegation to officers.

Head of Finance and Revenues

- 2.3 A number of proposed amendments to the scheme of delegations to officers for the Head of Finance and Revenues are proposed as detailed in Annex 1.
- 2.4 The proposed amendments seek to provide a more up-to-date scheme of delegations for the Head of Finance and Revenues; reflecting current practice and ensuring the delegations are efficient and effective.
- 2.5 It is proposed that the delegation currently within the Head of Finance and Resources '*To implement decisions regarding pay for staff*' is moved to the delegations to the Chief Executive where it is more appropriate for this delegation to sit. This proposed change can be seen in Annex 2 - scheme of delegations to the Chief Executive.

Head of Property and Asset Management

- 2.6 It is proposed that a new delegation be included for the Head of Property and Asset Management in order to allow a more efficient process for the issuing of temporary parking permits to third parties where require. The proposed addition can be seen in Annex 3 of the report.

Head of Legal and Democratic Services

- 2.7 It is proposed that a new delegation be included for the Head of Legal and Democratic Services that in consultation with the Democracy and Governance Portfolio Holder to make amendments to the calendar of meetings to ensure the efficient process for the democratic process. The proposed addition can be seen in Annex 4 of the report.

2.7.1 Elections

Electoral legislation requires the Borough to be divided into polling districts. These are usually based on the parish area (or a smaller area in the larger towns) comprising of up to around 2,500 electors. A "polling place" must be designated for each polling district, and when an election is called, the polling station is located within that polling place. In order to have greatest flexibility, Test Valley designates the whole polling district as the polling place, so that any available building in the polling district can be used.

Occasionally, the usual polling station building is not available for use at an election. Where an alternative building can be found in the polling district, that alternative will be used, but to cover the situation where no suitable building is available, it is proposed to extend the delegation of the Head of Legal and Democratic Services to designate a different polling place (e.g. the adjacent polling district) so that a building in an adjacent village can be used if the usual building is not available. The proposed addition can be seen in Annex 4 of the report.

2.7.2 Contract Standing Orders

The Head of Legal and Democratic Services under her delegation in consultation with the Democracy and Governance Portfolio Holder has made amendments to the Contract Standing Orders as set out in Annex 5 of the report.

2.8 Chief Executive, Deputy Chief Executive and Heads of Service

2.9 Decisions (at first instance and on review) on nomination for listing of Assets of Community Value under the Localism Act 2011 are currently carried out by the Chief Executive or Deputy Chief Executive with the benefit of legal advice. Historically, the decision was delegated to the Head of Administration (as was) and it is proposed that the scope of officers able to deal with these nominations and reviews of nominations is widened to ensure that decisions can be taken in good time.

2.10 It is proposed that authority to determine nominations and reviews is delegated to Heads of Service in addition to the Chief Executive and Deputy Chief Executive who will take those decisions with the benefit of legal advice. The proposed addition can be seen in Annex 6 of the report.

3 **Corporate Objectives and Priorities**

3.1 As set out in Article 14 of the Constitution the Monitoring Officer has a duty to monitor and review the operation of the Constitution and ensure that the aims and principles of the Constitution are effective.

3.2 Maintaining and improving the Constitution to reflect current legislation and the broader agenda of local government is essential in order to deliver effective and lawful decisions in the day to day implementation of the Corporate Plan.

4 **Options**

4.1 Options for Recommendations.

4.1.1 Option 1 is the recommended Option for the reasons set out in paragraph 2.2 above.

4.1.2 Option 2 is not to make the change recommended.

5 **Option Appraisal**

5.1 Option Appraisal

5.1.1 Option 1 is the recommended option and results in the scheme of delegations to officers in relation to the Head of Finance and Revenues, the Chief Executive the Head of Property and Asset Management and the Head of Legal and Democratic Services being updated to reflect current practice and ensure the efficient and effective management of Council services.

- 5.1.2 Option 2 is not recommended. Not approved the proposed changes would result in a less effective scheme of delegation to officers.

6 Risk Management

- 6.1 A Risk Management questionnaire has been completed and indicates this report does not require a risk assessment because the changes/issues covered by this report are not significant in terms of risk or have previously been considered.

7 Resource Implications

- 7.1 None

8 Legal Implications

- 8.1 Section 37 of the Local Government Act 2000 requires the Council to keep its Constitution under review. The lack of an up to date and effective Constitution could increase the risk of governance failures.

9 Equality Issues

- 9.1 An Equality Impact Assessment of the matters in this report is not required as no potential for unlawful discrimination and/or low level or minor negative impact have been identified.

10 Other Issues

- 10.1 Community Safety - none
- 10.2 Environmental Health Issues - none
- 10.3 Sustainability and Addressing a Changing Climate - none
- 10.4 Property Issues - none
- 10.5 Wards/Communities Affected - none

11 Conclusion and reasons for recommendation

- 11.1 The proposed changes to the Constitution will ensure that the Council is able to continue to operate in an effective and efficient manner.
- 11.2 In addition, the report sets out proposed changes to the scheme of delegations to officers for the reasons set out in the report.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	5	File Ref:	N/A
(Portfolio: Democracy and Governance) Councillor I Jeffrey			
Officer:	Karen Dunn	Ext:	8401
Report to:	Council	Date:	16 November 2022

Delegation to Head of Finance and Revenues

- (1) ~~To determine the use of capital receipts in the future on the basis that the maximum amount of receipts allowed would be used for capital expenditure and no voluntary set aside would be made.~~
- (2) To determine changes to the rate of interest on mortgage loans etc under Section 438 and Schedule 16 of the Housing Act 1985 and in accordance with those provisions.
- (3) To countersign payments and sign instructions to the Council's Bank.
- (4) To agree and sign any contract agreement or other document with the (1) Council's Bank for the provision of banking services involving the giving of instructions by the Council to the Bank by electronic or similar means (whether any such instruction and/or information relate to the making or authorisation of any payment or other order).
- (5) That the Accountancy Manager (post holder 50360822) be authorised to countersign payments and sign instructions to the Council's Bank.
- (6) To exercise borrowing powers contained in the Local Government Finance Act 2003 (as amended) in accordance with the prudential framework for local authority capital investment.
- (7) To enter into leasing arrangements on behalf of the Council for items with an approved budget.
- (8) To take all actions he/she considers appropriate for recovery of Council debts.
- (9) To take all necessary administrative action involving the Council on pension matters.
- (10) To make all payments within the Council's Financial Regulations and/or legally payable.
- (11) ~~To implement decisions regarding pay for staff.~~
- (12) To grant loans for ~~car purchase~~ all salary-sacrifice schemes to persons coming within the Council's approved schemes.
- (13) To vary the Council's ~~contract car hire scheme~~ employee lease cscheme to ensure compliance with HMRC rules ~~in line with variations to the National Joint Council Scheme.~~
- (14) To incur expenditure outside the provision of estimates in accordance with Financial Regulations.

- (15) To arrange all insurance policies (including maintaining a self-insurance reserve) and make payments in the settlement of any claim against the Council.
- ~~(16) To update the Use of IT and Social Media Policy as and when required.~~
- (17) To deal with all matters connected with the administration of Council Tax, Business Rates, Housing and Council Tax Benefits, and Council Tax Support excepting such matters as are expressly reserved by legislation for the Council to determine.
- (18) In consultation with the Finance and Resources Portfolio Holder, to approve Discretionary Rate Relief.
- (19) To take all actions he/she considers appropriate for recovery of Council debts, Business Rates, BID and Housing Benefit Overpayment.
- (20) To impose a civil penalty.
- (21) To reject an individual's appeal against liability and to pass the appeal to the Valuation Tribunal.
- (22) To back date an application for Housing Benefit or Council Tax Support.
- (23) To grant discretionary housing payments to customers in receipt of Housing Benefit or Universal Credit.
- (24) To grant hardship relief.
- (25) To authorise an Administrative Penalty in cases of an apparent fraudulent claim for Housing and/or Council Tax Benefit.
- (26) To insert advertising materials with Council Tax demands at his/her discretion.
- ~~(27) To grant rate relief in accordance with the policy with a right of appeal to the Cabinet.~~
- (28) To set the Council Tax Base for the Test Valley area.
- (29) That the Head of Finance and Revenues be authorised to issue authorisations pursuant to the Regulation of Investigatory Powers Act 2000.
- (30) That the following officers be authorised under Section 223 Local Government Act 1972 to appear on behalf of the Authority before a Magistrates Court in connection with Rating and Council Tax matters:
- | | |
|----------|--|
| 50361481 | Revenues & Welfare Manager |
| 50361484 | Revenues & Welfare Compliance Officer |
| 50361485 | Revenues & Welfare Compliance Officer |
| 50361550 | Revenues & Welfare Compliance Officer |
| 50361536 | Revenues & Welfare Team Leader |
| 50361482 | Revenues & Welfare Team Leader |
| 50361268 | Senior Revenues & Welfare Officer (Business Rates) |
- (31) In consultation with the Finance and Resources Portfolio Holder, to approve the annual National Non Domestic Rates returns to Central Government.

- (32) In consultation with the Finance and Resources Portfolio Holder, to make routine amendments to the Local Council Tax Support Scheme where necessary in light of legislative change to Council Tax Support, welfare benefits and other related legislation.
- (33) In consultation with the Finance and Resources Portfolio Holder, to add new Discretionary Rate Reliefs into the Discretionary Rate Relief Policy where (a) such new relief is fully funded by government (including any cost of implementation) and (b) there is clear guidance as to which businesses are eligible for the relief.

Delegations to Chief Executive

- (1) To inform the Council's Bank of the identity of the Council's S151 Local Government Act 1972 Proper Officer.
- (2) To do anything, in consultation with the Leader, which is calculated to facilitate, or is conducive or incidental to, the discharge of the Council's functions subject to:
 - (i) the matter being regarded as an emergency or urgent situation; and
 - (ii) a report back to the Council, Cabinet or Committee concerned.
- (3) In the event of a major incident, being an event or situation with a range of serious consequences which requires special arrangements to be implemented, to take such action as he considers appropriate to deal with the incident. In the event that the Chief Executive cannot be contacted, the Deputy Chief Executive, be authorised to take such action as they consider appropriate to deal with the incident. In the event that the Deputy Chief Executive cannot be contacted, any Head of Service be authorised to take such action as he/she considers appropriate to deal with the incident.
- (4) To implement decisions regarding pay for staff.

Head of Property and Asset Management Service

- (1) To enter into licences for the assignment of leases and for sub-letting or under letting.*
- (2) To grant consent for the change of use of Council premises where such consent is necessary under the provisions of the lease and appropriate.*
- (3) In consultation with the Head of Finance and Revenues, to authorise the lettings of Council property where the rent does not exceed £150,000 per annum.*
- (4) To authorise rent reviews and renewals of leases.
- (5) To be responsible for all aspects of overall Estate Management in relation to Council-owned properties, including the authorisation of proceedings against Council tenants for rent arrears or any other breach of lease covenants including forfeiture.
- (6) To be responsible for conducting negotiations on the Council's behalf in relation to the sale or acquisition of any property.
- (7) To select tenants for the Walworth Enterprise Centre and to grant them licences to occupy and to terminate their occupations if they do not prove suitable and to manage the Centre including contract cleaning, repairs/maintenance/alteration up to a value laid down by the Council from time to time, and the collection of rent/rate and gas/electricity bills.
- (8) To grant consent for alterations and additions to premises to tenants of Council sites and buildings.*
- (9) To authorise variations to the terms of leases, licences, easements, wayleaves, covenants, acceptance of surrenders and any other legal arrangement where the consideration for the variation does not exceed £50,000.00 per annum or a premium payment of £150,000.00 and where the Council's economic or financial interest is not harmed or disadvantaged.*
- (10) To give approval to applications from firms on the industrial estates to sublet, for periods of 21 years or less, small parts of their sites to electricity suppliers for substation sites to serve the firm's premises.
- (11) To agree the siting of electricity substations and gas governors with the appropriate authorities subject to the usual rent terms and, if necessary, contributions payable either in respect of screening and/or fencing, and to grant the relevant leases.
- (12) To sell sites to electricity suppliers for use as electricity substation sites.
- (13) To grant wayleaves to statutory undertakers and other third parties over and under land owned by the Council.*
- (14) To invite and accept tenders and negotiate suitable terms for the temporary use of any suitable area of land for hay crops and arable land and grant suitable short term licences and Farm Business Tenancies.

- (15) To review mowing, grazing licences, agricultural tenancies and farm business tenancies for further temporary periods.
 - (16) To grant easements in, over or through Council land on terms to be agreed by the officers subject to consultation with other departments where appropriate.*
 - (17) To let market pitches (save those administered by the Head of Community and Leisure) in accordance with the Council's policy, and the administration of markets, including the application process, setting of fees and granting of concessions, and the termination and determination of the conditions to be attached to lettings.
 - (18) To serve Notice to Quit on market stallholders if they are not conforming with the terms of their Agreement.
 - (19) To be the Authorised Market Officer for the purposes of the Food and Environment Act 1985 and any statutory enactment and to be responsible for all aspects of administering markets in Andover.
 - (20) In consultation with the Finance and Resources Portfolio Holder and the Head of Finance and Revenues, to dispose of land where the consideration is £75,000.00 or less.*
 - (21) In consultation with the Finance and Resources Portfolio Holder and the Head of Finance and Revenues, to authorise the acquisition or taking the letting of land and/or premises subject to the purchase price or annual rent per annum not exceeding £75,000.00.
 - (22) To grant licences for temporary/short-term works on Council-owned land.*
 - (23) In consultation with the Head of Finance and Revenues, to approve appropriations between relevant function areas and statutory holding powers, except where public notice of the proposed appropriation is required and objections are received.
- * In the case of delegations (1), (2), (3), (8), (9), (13), (16), (20), and (23) above, any transaction involving the possible installation of one or more telecommunications masts and/or associated ancillary equipment on Council-owned land or buildings shall be referred to the Council's Cabinet for consideration and approval.
- (24) To exercise the powers and duties of the Council under the Landlord and Tenant (Covenants) Act 1995.
 - (25) In consultation with the Head of Legal and Democratic Services, to approve occupation of Council-owned premises by a third party in the absence of completed formal documentation in cases of emergency.
 - (26) Subject to the Council's Financial Regulations and Contract Standing Orders, to be responsible for the appointment of external consultants to advise and/or act for the Council in negotiations and/or transactions relating to any of the above matters.

- (27) In consultation with the Head of Planning and Building Services, to give consent to advertise on Council-owned property on such terms as he/she considers appropriate provided there is no cost to the Council and that the Head of Planning and Building Services be consulted before any advertisement is displayed by the Council.
- (28) In consultation with the Head of Community and Leisure Services, to issue licences for temporary buildings.
- (29) To permit the display of banners on Council buildings.
- (30) To let the Crosfield Hall, Romsey; Rendezvous, Andover; Upper Guildhall, Andover; and meeting rooms at Beech Hurst, Andover in accordance with the Council's booking policy.
- (31) In conjunction with the Human Resources Manager, to employ Premises Management staff on appropriate contracts up to a maximum of 2600 hours per annum in the north and 3000 hours per annum in the south.
- (32) To approve monuments and statues on highway land, after appropriate consultations and subject to the approval of the Highway Authority.
- (33) To buy electric, gas and water from the most competitive provider for the sites we own and operate.
- (34) In consultation with a panel of Members (appointed by Council, consisting of 5 Members, with a quorum of 3 Members for each decision), to consider property investments and authorise expenditure from a pre-approved capital budget allocation.
- (35) That the holders of the following posts, and any other person employed or otherwise engaged by the Service and duly authorised in writing by the Head of Property and Asset Management Services from time to time, be authorised to enter land or premises and to carry out any act included in the legislation and subordinate legislation made thereunder and any amendments thereto, as set out in the:
- Planning (Listed Building and Conservation Areas) Act 1990
Town and Country Planning Act 1990
- 50361073 Engineering and Transport Manager
50361127 Senior Transport Engineer
50361129 Transport Engineer
50361130 Transport Engineer
- (36) To implement transport capital programmes.
- (37) General day-to-day operation of the Transport Services.
- (38) To issue temporary parking permits for a duration of up to 6 months to third parties.

- (39) In consultation with the with the Finance and Resources and the Recycling, Environmental Services, and Car Parks and Strategic Regeneration (South) Portfolio Holders, to issue temporary parking permits for a duration longer than 6 months.
- (40) To install refuse or storage bins in streets under Section 185 of the Highways Act 1980.
- (41) To appoint consultants to undertake professional services on schemes included in approved capital or revenue estimates.
- (42) To select contractors for invitation to tender for approved schemes including those for principal authorities for which the Council acts as an agent in accordance with the Council's or the principal authority's procedures or Standing Orders as appropriate.
- (43) In consultation with the Head of Legal and Democratic Services, to enter into Agreements under Section 278 of the Highways Act 1980 with the Highway Authority to allow Test Valley Borough Council Capital Programme schemes on the Highway to be constructed.
- (44) To operate the Hampshire County Council/Test Valley Borough Council Agency Agreement for the enforcement of parking control.
- (45) To permit the use of car parks during charging hours for events of a charitable or non-profit making nature subject to consultation with the Finance and Resources and Recycling, Environmental Services and Parking Portfolio Holders.
- (46) To permit the use of the car parks outside the charging hours for events of a charitable or non-profit making nature.
- (47) To allow space within a car park to be used for the convenience of the public at large on such terms and conditions as he/she considers appropriate including the making of an appropriate charge and requiring suitable indemnity.
- (48) To negotiate agreements for advertising on car park tickets, ticket machine shelters and bus shelters on terms and conditions as he/she considers appropriate.
- (49) In consultation with the Head of Community and Leisure Services, to set an appropriate maximum duration of stay for non-permit holders using Leisure Centre Car Parks.
- (50) To authorise persons to act as Civil Enforcement Officers (Parking Attendants) under the Traffic Management Act 2004 and Section 63A of the Road Traffic Regulation Act 1984 and to undertake the functions of a Civil Enforcement Officer (Parking Attendant) under the provisions of those Acts together with the Road Traffic Act 1991 and any other enactment and any subordinate legislation made thereunder and amendments thereto.
- (51) To request information as to the identity of a driver of a vehicle where there is an alleged offence committed in relation to an Off Street Parking Places Order or

Traffic Regulation Order pursuant to Section 112 of the Road Traffic Regulation Act 1984.

- (52) To instruct enforcement agents in connection with the recovery of unpaid parking debts.
- (53) To make changes to the Parking Enforcement Policy and Guidance in response to changes in legislation or operational procedures.
- (54) To determine Penalty Charge Notice appeals including appeal decisions, resetting of 14 day discount rates and/or removal of surcharges.
- (55) To determine if a penalty charge or parking permit debt is uncollectible and to write off such debts.
- (56) To discharge the functions given under the Traffic Management, Development Management and Capital Schemes Agency Agreement including the making and confirmation as appropriate of temporary and permanent Traffic Regulation Orders.
- (57) In consultation with the Recycling, Environmental Services and Parking Portfolio Holder, to make amendments to Off Street Parking Places orders by the making of a new order or the suspension of an old order in response to changes in legislation, guidance or operational reason other than changes to parking tariffs and maximum stay limits.
- (58) In consultation with the Recycling, Environmental Services and Parking Portfolio Holder, to consider objections to Traffic Regulation Orders and to decide whether the Order, as advertised or with amendments, be made/confirmed.
- (59) In consultation with the Head of Finance and Revenues, to set the levels of charges for Traffic Regulation Orders with the objective of recovering the costs of making the Order.
- (60) To consider and implement the renumbering of houses and the naming and renaming of streets in accordance with the Council's policy.

Delegation to Head of Legal and Democratic Services

Legal and Other Proceedings

- (1) The institution, prosecution, amendment or termination of any proceedings, which the Council is empowered to undertake, in or before any court, tribunal or inquiry.
- (2) The defence or settlement of any proceedings brought against the Council.
- (3) The taking of any action incidental or conducive to or which would facilitate any action under (1) or (2) above.
- (4) The obtaining of Counsel's opinion on any matter.

Notices

- (1) The issue of Notices on behalf of the Council under Section 112 of the Road Traffic Regulation Act 1984, requiring information to be given as to the identity of a driver alleged to be guilty of an offence.
- (2) The issue of Notices under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976 and Section 330 of the Town and Country Planning Act 1990 where he/she deems it necessary to secure information about land to enable the Council to exercise its functions.

Miscellaneous

- (1) In all cases where a mortgagor is three months in arrears with payments under the mortgage, to obtain possession of the property and arrange for its sale and the recovery of all monies owed to the Council.
- (2) To give approval to the carrying out of all works to properties which are the subject of small dwellings mortgages or housing act advances provided the security of the Council is not thereby adversely affected.
- (3) To sign releases of mortgages granted by the Council provided such repayment has been made.
- (4) To make applications under Section 47 of the National Assistance Act 1948 and Section 1 of the National Assistance (Amendment) Act 1951 upon receiving representations from the Proper Officer.
- (5) To recover the cost of works in default under Section 193 and Schedule 10 of the Housing Act 1985 relating to repairs to privately rented dwellings.
- (6) To sign a waiver relating to House Renovation Grants limiting repayment to the nominal sum of 5p in the event of the lender having to exercise its power of sale subject to the payment to the Council of any proceeds of sale held by the lender after full repayment of outstanding mortgage debt and proper costs to a maximum of the grant repayment.

- (7) To transfer open space, landscaping and recreational facilities on private residential developments by way of adoption subject to the developer paying a capital sum for maintenance calculated by the Head of Community and Leisure Services and to the landscaping, open space or recreational facilities being completed to the satisfaction of the Head of Community and Leisure Services.
- (8) To enter into agreements in respect of applications to retain and maintain trees, shrubs, plants or grass in part of a highway verge.
- (9) To sign notices, orders or other documents made or issued by the Council.
- (10) To close streets for public processions, rejoicings or illuminations under Section 21 of the Town Police Clauses Act 1847.
- (11) After consultation with the Chairman of the appropriate Development Control Committee, to lodge an objection or representation as to the imposition of conditions on an application for an Operator's Licence in those cases where the operating centre would be unsuitable for use as such on environmental grounds in accordance with the provisions of the Goods Vehicles (Licensing of Operators) Act 1995.
- (12) To authorise the postponement of the Council's discount charge relating to former Council houses.
- (13) To complete legal agreements or legal charges pursuant to the Private Sector Housing Renewal Policy and to register such documents as appropriate at HM Land Registry.
- (14) To authorise the postponement of a legal charge created pursuant to the Private Sector Housing Renewal Policy.
- (15) To amend the listings of the Council's Publication Scheme produced in accordance with the Freedom of Information Act 2000, within the existing Information Classes.
- (16) To update the Data Protection Policy (DPP) as and when required.
- (17) To make minor amendments to the Corporate Surveillance Policy where they relate to changes in the legislation, directions or recommendations from an inspector appointed by the Office of the Surveillance Commissioner, or guidance from the Home Office.
- (18) To authorise Authorising Officers pursuant to the Corporate Surveillance Policy.
- (19) To establish an Independent Review Panel for a period of four years to review Members' Allowances and to pay consultancy fees to the Chairman of the Panel.
- (20) To authorise reimbursement of the cost of accommodation booked directly by Members in excess of the approved allowance in exceptional circumstances pursuant to the Members' Allowance Scheme.
- (21) To approve payments to co-opted Members pursuant to the Members' Allowance Scheme.

- (22) In consultation with the Chairman of General Purposes Committee, to grant dispensations to Members of Test Valley Borough Council in respect of Personal Interests in accordance with General Purposes Committee 6 January 2014 Minute 221 and to report such dispensations to the next meeting of the General Purposes Committee.
- (23) The holders of the following posts be authorised to grant dispensations to Members of Test Valley Borough Council pursuant to section 33(2)(a), (b) and (d) of the Localism Act 2011.
- | | |
|----------|---------------------------------------|
| 50361323 | Head of Legal and Democratic Services |
| 50361465 | Legal Services Manager (Corporate) |
| 50361468 | Legal Services Manager (Planning) |
| 50361467 | Principal Solicitor |
- (24) To convene meetings of working parties, panels and other meetings in which members are involved.
- (25) To make alterations to the calendar of meetings in consultation with the Democratic and Governance Portfolio Holder to ensure the efficient process for the democratic process.
- (26) Following consultation with the Leader, to approve the attendance of Members at conferences and meetings including the payment of travelling and subsistence allowances.
- (27) In consultation with the Democracy and Governance Portfolio Holder, to appoint individuals to parish, town and community councils should circumstances mean that they are no longer quorate.
- (28) [In consultation with the Portfolio Holder for Democracy and Governance, to take all necessary steps to amend polling places where there are no suitable premises available in the designated polling place to serve as a polling station.](#)
- (29) To amend the Licensing Committee and Sub-Committee Procedure Rules to give effect to legislative changes.
- (30) To determine all applications and decide all other matters in relation to the licensing functions set out in the Licensing Act 2003 and any amending legislation, save for those applications and matters expressly excluded from delegation to officers by that legislation.
- (31) To determine applications made pursuant to the Licensing Act 2003 and any amending legislation where the holding of a hearing has been dispensed with in accordance with Regulations made thereunder.
- (32) To reject representations under the Licensing Act 2003 or Gambling Act 2005 which he/she considers to be vexatious, frivolous or repetitious.
- (33) To make recommendations under the Licensing Act 2003 as to the restriction of admission of children to non-classified films, or a particular classified film, save always to his/her discretion to refer a film to a Licensing Sub-Committee for determination of the appropriate recommendation.

- (34) To serve Closure Notices under Section 19 of the Criminal Justice and Police Act 2001 in respect of premises used for the unlicensed sale of alcohol and to take action for the enforcement, cancellation and termination of such notices pursuant to Sections 19-28 of that Act.
- (35) To determine all applications and decide all other matters in relation to the licensing functions set out in the Gambling Act 2005 and any amending legislation, save for those applications and matters expressly excluded from delegation to officers by that legislation.
- (36) To determine applications made pursuant to the Gambling Act 2005 and any amending legislation where the holding of a hearing has been dispensed with in accordance with Regulations made thereunder.
- (37) To determine applications for Licensed Premises Gaming Machine Permits; Club Gaming Permits, Club Machine Permits, Prize Gaming Permits, and Small Lottery Registrations.
- (38) To cancel or vary Licensed Premises Gaming Machine Permits.
- (39) To revoke a Small Lottery Registration.
- (40) To remove automatic entitlement to gaming and/or to two gaming machines on alcohol licensed premises.
- (41) To administer the Hypnotism Act 1952 including the institution of proceedings for breaches of the Act and Section 12 of the Local Government (Miscellaneous Provisions) Act 1982.
- (42) To issue licences under Section 2 of the House-to-House Collections Act 1939, as amended after suitable attempts at liaison and after making such enquiries as may be necessary.
- (43) To allocate street collections.
- (44) To determine applications for sex establishment licences save for where objections to the grant, transfer or renewal of a licence have been received.
- (45) To grant, with or without conditions, or refuse applications for a licence to place tables and chairs on the highway in accordance with the Highways Act 1980, including the suspension of such licences.
- (46) To amend the scheme for the Licensing of Tables and Chairs on the highway, save for any significant amendments which shall be referred to the Cabinet.
- (47) In consultation with the Democracy and Governance Portfolio Holder, to approve increases in Hackney Carriage fares.
- (48) To issue, suspend, revoke or refuse hackney carriage and private hire licences under the provisions of Part II of the Local Government (Miscellaneous Provisions) Act 1976 and to issue notices exempting private hire vehicles from displaying the private hire vehicle plate under the provision of Section 75(3) of the Act.
- (49) To depart from Standard Private Hire Vehicle Licence Conditions regarding vehicle signage upon grant or renewal of a licence in any individual case where he/she considers it appropriate to do so.

- (50) To determine all applications and decide all other matters in relation to the licensing functions set out in the Scrap Metal Dealers Act 2013 and any amending legislation, save for the hearing of representations in cases involving the refusal, revocation or variation of a licence.
- (51) That the holders of the following posts be authorised to enter land or premises and to carry out any act included in the legislation and subordinate legislation made thereunder and any amendments thereto set out in the:
- Gambling Act 2005
 - Health Act 2006 Part 1 Chapter 1 (insofar as they relate to fixed penalty notices and associated matters pertaining to the smoke free requirements)
 - House to House Collections Act 1939
 - Hypnotism Act 1952
 - Licensing Act 2003
 - Local Government (Miscellaneous Provisions) Acts 1976 and 1982
 - Police, Factories Etc. (Miscellaneous Provisions) Act 1916
 - Public Health Acts 1875 and 1936
 - Scrap Metal Dealers Act 2013
 - Town Police Clauses Acts 1847 and 1889
- | | |
|-----------------|--|
| 50361447 | Licensing Manager |
| 50361451 | Senior Licensing and Local Land Charges Officer |
| 50361449 | Licensing and Local Land Charges Assistant |
| 50361452 | Licensing and Local Land Charges Assistant |
| 50876924 | Licensing and Local Land Charges Assistant |
- (52) To update the use of IT and Social Media Policy as and when required.

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Contract Standing Orders and Guidance

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22.	Evaluation of Tenders and Quotations
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PURPOSE

These Contract Standing Orders are designed and adopted by the Council to ensure that the Council demonstrates public accountability, obtains value for money and that there are formal and clear rules governing all contracts in connection with the procurement and supply of supplies, services and works.

Definitions & Explanations may change as new legislation and guidance is issued. The Head of Finance [and Revenues](#) shall update the Definitions & Explanations as required from time to time.

Throughout these Contract Standing Orders, textboxes in this font are inserted to offer guidance directly relevant to each Standing Order.

FLOWCHARTS, CHECKLISTS, GUIDANCE AND FORMS

Flowcharts and checklists, [together with guidance, templates and e-forms](#) are available on the Procurement section of the intranet.

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DEFINITIONS & EXPLANATIONS

Contracting Officer	The Chief Executive, Deputy Chief Executive and Heads of Service or an officer designated by the Head of Service to deal with the contract in question.
Award Procedure	The procedure for awarding a contract as specified in Contract Standing Orders 23, 24 and 25.
Best Value	Best Value means Most Economically Advantageous Tender (M.E.A.T.) for the purposes of the Public Contracts Regulations 2015.
Bond	An "insurance policy": if the contractor does not do what it has promised under a contract with the Council, the Council can claim from the surety (usually a bank) the sum of money specified in the Bond. A Bond is intended to protect the Council from additional costs arising from the contractor's failure.
Competitive Dialogue	A procedure in which any economic operator may make a request to participate and whereby a contracting authority conducts a dialogue with the economic operators admitted to that procedure with the aim of developing one or more suitable alternative solutions capable of meeting its requirements and on the basis of which the economic operators chosen by the contracting authority are invited to tender.
Competitive Procedure with Negotiation	A procedure leading to the award of a contract whereby only economic operators shortlisted by the contracting authority following public advertisement for expressions of interest are invited to negotiate the terms of the contract before submitting tenders or quotations for the

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	contract.
Contract agreement	A written document or deed incorporating the contract. In the case of procurement below £20,000, this is made by obtaining a written quotation followed by the placing of an official order.
Contracting Officer	Officers authorised to sign orders, contracts, invoices and payments relating to the letting of contracts within their service in accordance with these Contract Standing Orders.
Contracts Finder	The Government's website where procurement opportunities and contract awards are advertised in accordance with the Regulations and the Local Government Transparency Code.
Contracts Register	A list of the Council's contracts that is available on the Council's website as required by the Transparency Code 2015. Where the eProcurement System is not used , an eForm must be completed when awarding a contract valued at £5,000 or more so that the contract can be added to the Contracts Register. Where the eProcurement System is used, the Contracts Register will be automatically updated on the system. This will then be uploaded by a system administrator. The Contracts Register is on the Council's website:- https://www.testvalley.gov.uk/business/doingbusiness/tenders/contracts-register
E-Procurement System	The Council's e-procurement system allowing uploading of notices and invitations to quote/tender, tender documents and contract award notices. The Council's eProcurement system is Complete Tender Management supplied by EU Supply PLC. This will allow the Council to comply with its requirement to communicate electronically with bidders. This must be used for all procurements above £20,000 unless the use of hard copy tenders has been approved by Head of Finance and Revenues and Head of Legal & Democratic Services.
Estimated Contract Value	The estimated contract value shall be calculated as follows: (a) where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period. This should include any extension period where appropriate; (b) where the contract is for an indeterminate duration by multiplying the monthly payment by 48; (c) for feasibility studies: the value of the scheme or contracts which may be awarded as a result; (d) for nominated suppliers and sub-contractors: the estimated contract

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	<p>value shall be the value of that part of the main contract to be fulfilled by the nominated supplier or sub-contractor;</p> <p>(e) where the contract is one where no payment is made by the Council (e.g. a concession) a best estimate of the financial value to the contractor shall be ascertained, this value is the full value of the opportunity and not only the available profit;</p> <p>(f) where establishing a framework the value is the total value of all the contracts which could be entered into by the Council and other contracting authorities further to that framework agreement.</p> <p><u>(g) where the Council is procuring on behalf of a third party, the total value of the opportunity must also include the amount which relates to the third party in the event of a joint procurement.</u></p>
Evaluation Criteria	The criteria (including sub criteria and weightings where appropriate) by which the successful Quotation or Tender is to be selected (see further Contract Standing Order 22).
<u>Find A Tender</u>	<u>The e-notification website operated by the Government for advertising procurement opportunities and contract awards where so required under the Regulations.</u>
Framework Agreement	<p>A 'framework agreement' is an agreement between one or more contracting authorities and one or more contractors, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. This also includes frameworks that have been set up by a third party, e.g. Government department, another local authority or consortiums, under which the Council can be supplied with goods and services during the period of the framework agreement.</p> <p>A framework agreement is not a contract between the Council and a supplier. The Council can call-off from a Framework to create a contract between the Council and the supplier.</p>
<u>Full Procurement Procedure</u>	<u>The procedure required by the Public Contracts Regulations where the total estimated contract value exceeds the Threshold</u>
Invitation to Tender	Formal document combining an invitation to tender and instructions regarding the process. Usually issued with a Specification/Bill of Quantity and draft Contract conditions.
One Stage Tender Procedure	<p>A tendering procedure where the invitation to tender is publicly advertised and all tenders received are evaluated. This procedure may be used where the contract is valued above or below the Threshold. Where the contract value is over Threshold this is known as the Open Procedure.</p>
Nominated	Those persons specified in a main contract for the discharge of any part

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Suppliers and Subcontractors	of that contract.
Parent Company Guarantee	A separate contract between the parent of a subsidiary company and the Council. If the subsidiary company fails to do what it has promised under a contract the Council can require the parent company to complete the contract instead.
Procurement Strategy	The Council's Procurement Strategy current at the time of the procurement and which sets out the Council's procurement objectives and principles, including the need to reduce demand on natural resources and deliver services and functions in a more environmentally sustainable way, and taking into account social value.
Quotation	A quotation of price and any other relevant matter (without the formal issue of an Invitation to Tender).
Regulations	The Public Contracts Regulations 2015 (as amended or replaced)
Selection Questionnaire	A template document that is used to shortlist bidders when using the Two Stage Procedure, Competitive Procedure with Negotiation and Competitive Dialogue. The template is available on the procurement page of the intranet.
Short Listing	Where suppliers are selected: To quote or tender; or To proceed to final evaluation.
Standard Letter (Acceptance of Quotation/Tender)	A template document that is used to inform the successful bidder of our decision. The template is available on the procurement page of the intranet.
Standard Letter (Unsuccessful Quotation/Tender)	A template document that is used to inform unsuccessful bidders of their evaluation scores and the reasons why they were unsuccessful. The template is available on the procurement page of the intranet.
Supplier	This includes suppliers of goods, works or services provided to the Council whether by an individual supplier, company or consortium.
System Administrator	An officer in the Finance and Revenues Service authorised by the Head of Finance and Revenues to have access to the E-Procurement System to administer quotations and tenders.
Tender	A supplier's proposal submitted in response to an Invitation to Tender.
Tender Opening	The log recording details of Tenders received and opened. (see

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Sheet	Contract Standing Order 20	Deleted: .4.)
<u>Threshold</u>	<u>The thresholds for contract values specified in Regulation 5 of the Regulations (as amended from time to time).</u>	
Two Stage Procedure	A procedure leading to the award of a contract whereby only economic operators shortlisted by the contracting authority following public advertisement for expressions of interest may submit tenders or quotations for the contract This procedure may only be used for <u>contracts</u> valued above the Threshold.	Deleted: for contracts Deleted: EU
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1. Compliance

- 1.1 Every Member of the Council and every officer and employee of the Council must comply with these Contract Standing Orders.
- 1.2 Any third party (e.g. a consultant) who is engaged in the letting, management or supervision of a contract on behalf of the Council must comply with these Contract Standing Orders as if he/she were an officer of the Council. A copy of these Contract Standing Orders must be given to the third party by the Contracting Officer.
- 1.3 These Contract Standing Orders apply to **all** procurement decisions save for those set out in 1.6, regardless of the source of funding, or the status of the contractor (i.e. they apply equally to selection of both main contractors and nominated subcontractors or suppliers and to procurements funded by third parties).
- 1.4 **Every contract must be let in compliance with all applicable legal requirements, the Council's Procurement Strategy and the Council's Financial Procedure Rules.**
- 1.5 Contracting Officers must comply with aggregation rules set out in the Regulations and the Thresholds when estimating the value of the contract particularly if the contract involves annual or recurring expenditure. The splitting of contracts so as to avoid the Regulations is prohibited.
- 1.6 The Contract Standing Orders shall not have effect or relate to:-
 - a) arrangements with another Service within this Council for the supply of goods or for the provision of services or works by that other Service;
 - b) contracts of employment;
 - c) contracts in connection with the acquisition or disposal of land and premises by the Council unless this involves the appointment of a developer where the transaction includes the provision of infrastructure back to the Council as part of the development (in which case seek advice from the Head of Legal & Democratic Services); or
 - d) non-contractual arrangements with Counsel.

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- 1.7 Tenders will only be considered if received in response to a formal invitation to tender.

Guidance – Good Practice

Briefly, the following issues should be at the forefront of any procurement activity:

- Follow the rules set out in Contract Standing Orders if you procure any goods, services or works;
- Take all necessary legal, financial and professional advice;
- Keep bids confidential;
- Keep records of dealings with suppliers;
- Assess each contract afterwards to see how well it met the procurement need and Best Value requirements;
- Provide all those tendering with the same information.

2. Responsibilities

- 2.1 Heads of Service must:

- a) ensure that every officer within their Service is aware of these Contract Standing Orders and that they are observed; and
- b) ensure that all officers whom are authorised to act as Contracting Officers are properly trained and monitored.

- 2.2 Contracting Officers must:

- a) familiarise themselves with these Contract Standing Orders and observe them;
- b) determine whether there are any requirements of Legislation governing the proposed contract. If so those requirements shall be followed even if they conflict with these Contract Standing Orders;
- c) duly consider the provisions of the Council's Procurement Strategy;
- d) ensure that any contract includes a proper specification of the procurement ensuring where possible that generic rather than branded products are specified;
- e) ensure that any contract includes the mandatory conditions of contract;
- f) monitor the performance of the contract throughout its term; and
- g) ensure the retention of documentation to demonstrate compliance with these Contract Standing Orders.

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- 2.3 The Finance & Revenues Service maintain a list of authorised signatories (Contracting officers) for all Service areas.

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3. Pre Contract Checks

3.1 Prior to commencing a procurement of £20,000 and over the appropriate Contracting Officer must take any necessary advice and also consult with the Procurement Officer. A written record of relevant pre-procurement issues must be maintained, as outlined in the guidance below.

Guidance – Pre Procurement Checklist

Further guidance is available on the Procurement Section of intranet

When a Contracting Officer, as identified in 2.1, above starts a procurement process that is estimated to result in a contract valued at £20,000 and over, he/she should begin by completing a checklist of pre-procurement issues to be considered.

This is to demonstrate a planned approach to each piece of procurement activity, and enable background issues that may have an impact on the conduct of the procurement process to be taken account of from the outset.

3.2 Before entering into a contract with any supplier, the appropriate Head of Service must:

- (a) be satisfied that a specification or brief, which will form the basis of the contract/arrangement, has been prepared; and
- (b) have prepared and documented an estimate of the cost of the contract/arrangement, including where appropriate any maintenance costs.

3.3 Before entering into a contract with any supplier, the appropriate Head of Service must be satisfied that:

- (a) the budget is available;
 - (b) the required approval for the project has been given;
- Where the contract is a capital contract this must be approved by Cabinet or Council depending on the value.
- (c) the supplier is appointed using the quotation or tender procedure (as appropriate) set out in these Contract Standing Orders;
 - (d) the proposed supplier's financial standing is sound;
 - (e) Best Value is being obtained; and
 - (f) the Council's Procurement Strategy is considered and its requirements taken into account.

3.4 Prior to the contract award, the financial capability of contractors must be assessed. The key objective of financial status checks in the procurement process is to analyse a potential contractor's financial position and to determine the level of risk that it would represent to the Authority, having regard to the contract requirement and value, criticality, and the nature of the market.

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- 3.5 Financial Status checks are required on all purchases of goods, services or works. The financial status check set out in Contract Standing Order 3.4 is not required if:
- (a) the contracting body is either another public body (e.g. Police, Fire, NHS, Government Department, other Local Authorities); or
 - (b) it is for a single purchase of goods or services, not involving any further commitment for support or maintenance; or
 - (c) it is for a single purchase of goods where if they fail there is minimal financial loss to the Council should the goods need replacing; or
 - (d) there is no significant risk to the Council of financial loss, continuance of service issues or cost of replacement; or
 - (e) the Head of Finance & Revenues has instructed that a financial status check does not need to be carried out; or
 - (f) it is a call off from a framework agreement ([save where the Head of Finance & Revenues requires checks to be undertaken](#)).

Guidance – Financial status checks

Financial status checks are currently carried out by [the Finance & Revenues Service \(advice can be obtained from the Procurement Officer\)](#). It is recognised that the scope of a financial status check should be proportionate to the size and risk of the contract.

The financial status check needs to form part of a broader, holistic assessment of the bidder, which also looks at capacity (the ability to deliver), capability (to a required standard) and the degree of dependency on a single contract or customer.

To support this assessment the Council, through Finance & Revenues, will obtain a financial appraisal report. The report provides the Council with an overall Risk Score which will be used to assess the applicant's financial standing. If this information is not available from a credit reference check, a risk score will be calculated as per the model detailed in the Selection Questionnaire. A bidder's Risk Score will determine if they Pass, Fail or Pass (subject to provision of a guarantee) the financial status check.

Below the Threshold we are unable to use a Selection Questionnaire and so would usually only do financial status checks on the preferred bidder as part of pre-contract checks following tender evaluation.

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- 3.6 In a contract where the technical expertise of the contractor is important to the successful delivery of the contract it is essential that the Head of Service letting the contract carries out appropriate technical checks. The nature of these checks will vary depending on the nature of the goods, services or works to be supplied.

Guidance – Technical Checks

It is up to the Head of Service letting the contract to determine whether and

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what technical expertise checks are necessary before the contract is let.

3.7 All prospective contractors must be required to confirm that neither the contractor nor any of its officers or employees have been convicted of an offence under the Bribery Act 2010

3.8 No officer or Member who has an interest requiring declaration under the Council's codes of conduct should evaluate any quotation or tender.

Guidance – Bribery Act 2010

These standing orders provide a means of safeguarding the reputation of the Council and its staff from any implication of dishonesty or corruption.

Officers and Members are required to declare any interest in a contract with the Council and shall ensure they have no part in award.

It is up to the Head of Service letting the contract to seek this confirmation from the contractor; the Selection Questionnaire includes a requirement to give this confirmation.

A form is available on the procurement section of the intranet to check the successful bidder's compliance with this requirement that may be used for tenders where a Selection Questionnaire is not used.

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4. Framework Agreements

4.1 Before commencing the procurement process the Contracting Officer should first check if there is a Framework Agreement available for the subject of the procurement. The Council's Procurement Officer **must** approve its use.

4.2 Where the Contracting Officer wishes to use a Framework Agreement he/she must:

- check that the full requirements of the procurement are within the scope of the Framework Agreement, and that the Framework Agreement remains in force;
- check and follow the rules that apply to the Agreement, e.g. whether a mini-competition has to be undertaken;
- confirm that it is compliant with the Regulations including a check that the Council is either specifically named or is within the class of contracting authorities set out in the Contract Finder/Find A Tender notice and is therefore legally permitted to use this Framework;
- check what technical advances have taken place since the Agreement was made; it may be that the Agreement is no longer the best option; and
- consider the value for money the Agreement represents; if the Agreement is more than 50% through its term it may no longer offer the most economically advantageous option.

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- 4.3 A mini-competition is not required when:
The Framework Agreement has one Supplier
or
The terms of the Framework Agreement can be applied to allow the Contracting Officer to determine the successful Supplier.
- 4.4 Where the framework requires a mini-competition the Contracting Officer must:
- invite all Suppliers from the Framework Agreement that are capable of supplying the Council's requirements; or
 - invite all Suppliers from the Framework Agreement if it is unclear which are capable of supplying the Council's requirements.
- 4.5 The timescales shall be such that all contractors invited have an equal opportunity to respond and must be a reasonable amount of time giving consideration to the nature and complexity of the information requested.
- 4.6 A date and time for the return of bids must be specified and receipt, opening and evaluation of bids must be conducted in accordance with these Contract Standing Orders.

Guidance – Framework Agreements

The Procurement Officer can provide a list of bodies that regularly award framework agreements that may be available for use by the Council

Before using a framework the Contracting Officer must:

- *make sure that his/her procurement requirements are fully covered by the framework otherwise it cannot be used;*
- *check it still offers the best technical solution and economically advantageous option;*
- *check the requirements, i.e. is a mini competition needed; and*
- *check that it is compliant [with the Regulations](#) and the Council is able to use it.*

You will be able to get advice on all this from the Procurement Officer or the Head of Legal & Democratic Services

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5. Exemptions

- 5.1 An exemption from these Contract Standing Orders may only be made in relation to the need to seek quotations or tenders through public advert. Prior approval must be given by the Head of Service in consultation with the Head of Finance and Revenues and the Head of Legal & Democratic Services or [Deputy Chief Executive](#). In order to seek this approval, a report must be produced by the Head of Service setting out:

- (a) the reasons for seeking the exemption; and

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- (b) any consequences associated with the proposal in terms of risk, demonstrable value for money, propriety and compliance with legal requirements.

The Head of Finance [and Revenues](#), Head of Legal & Democratic Services or [Deputy Chief Executive](#) may require the exemption to be approved by Cabinet or the relevant Portfolio Holder where the project is considered to be of a sensitive or strategic nature.

Guidance - Request for exemption

Any request for an exemption should be made using the eform on the procurement section of the intranet.

5.2 An exemption report **will not** be necessary for contracts let under the following circumstances:

- (a) procurements obtained through any consortium, association or similar body of which the Council is a member or is entitled to use;
- (b) emergency works which were not reasonably foreseeable and which must be addressed within 48 hours of the need arising; or
- (c) purchase of goods or services under a Framework Agreement.

5.3 Exemptions granted pursuant to this Contract Standing Order shall be reported in the Members' Information Bulletin by the Head of Service who has made the decision.

5.4 An exemption must not be made if this would result in a breach of [the Regulations](#), save in an emergency as [permitted by the Regulations or any other legislation](#).

6. Contract Value

6.1 The Contracting Officer must estimate and record in writing the Estimated Contract Value (net of VAT) prior to initiating any procurement activity.

6.2 The Estimated Contract Value must not be deliberately under-estimated, or contracts sub-divided, in order to avoid the application of any provision of these Contract Standing Orders or of the Regulations.

7. Contracts valued below £5,000

7.1 Where the estimated value of a proposed contract is below **£5,000** the Authorised Officer shall ensure that best value in terms of economy, efficiency and effectiveness is obtained.

7.2 Only one verbal quotation for contracts below £1,000 or one written quotation for contracts where the contract value is £1,000 or over but below £5,000 is required and this does not need to be obtained by placing a public advertisement.

7.3 An official order must be placed and it must refer back to the verbal or written quotation or confirmation, as appropriate.

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Guidance – Corporate Contracts¶

*In order to improve the efficiency of procurement activities, the Council is intending to procure a number of contracts for use by all, so that separate quotations/tendering exercises do not need to be undertaken in every case. The contracts already procured, and others available for use, can, **can** be found in the Council's Corporate Contracts Register.*

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8. Contracts valued at £5,000 or over but below £20,000

8.1 Where the estimated value of a proposed contract is below **£20,000** the Contracting Officer shall ensure that best value in terms of economy, efficiency and effectiveness is obtained.

8.2 Use of the E-Procurement System is recommended to obtain quotations as required under this Contract Standing Order (in which case Contract Standing Order 20 must be followed). Where the E-Procurement System is not used, the provisions of Contract Standing Order 19 must be followed.

8.3 At least two written quotations are required as a means of demonstrating best value. These do not need to be obtained by placing a public advertisement. A written record containing the following information must be made before placing an order:

- details of the contract;
- the full name and address of the contractor and other supplier(s) contacted;
- the person who supplied the quotation; and
- the prices submitted by the contractor and other supplier(s) contacted.

8.4 Nothing in Contract Standing Orders precludes the use of tenders for contracts of lower values where tenders are considered more appropriate, for example, many building and civil engineering contracts, or other contracts whose subject matter may justify a more formal approach.

8.5 An official order must be placed and it must refer back to the written quotation or confirmation. Orders must be approved by an officer authorised in accordance with 2.3

9. Contracts valued at £20,000 or over but below £50,000

9.1 Where the estimated value of a proposed contract is £20,000 or more but below **£50,000 all procurements must be completed through the Council's eProcurement System. The Contracting Officer must consult with the Procurement Officer and shall ensure that Best Value** in terms of economy, efficiency and effectiveness is obtained.

9.2 At least three written quotations are required as a means of demonstrating Best Value. These do not need to be obtained by placing a public advertisement **but must be obtained through the Council's eProcurement System.** A written record containing the following information must be made before placing an order:

- details of the contract;
- the full name and address of the contractor and other supplier(s) contacted;
- the person who supplied the quotation; and
- the prices submitted by the contractor and other supplier(s) contacted.

9.3 Nothing in Contract Standing Orders precludes the use of tenders for contracts of lower values where tenders are considered more appropriate, for example, many

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Commented [OD7R6]: Email does not satisfy the requirements of PCR15 for high value tenders for this reason. For the value range in this section we could limit the risk of someone claiming collusion by restricting access to the inbox but there would still be some risk even if it's just one person as I do not believe that we can prove an email is unread. However, most companies we deal with will be sending quotes to public and private sector via email as standard practice.

Our options are either to try to remove the risk, ensure bidders understand it, or a hybrid of both.

To remove the risk we could require the bids to be password protected documents within the emails with passwords sent by bidders after the deadline.. This is more work than just using the eProcurement system. The other option is to make the process clear for bidders and then it's their choice when they submit. If they feel there is risk that we would collude with their competitors then they could submit moments before the deadline.

A hybrid option would be to allow bidders to password protect their documents if they wish and state that protected documents will only be accepted if the password is sent within X hours/minutes of the deadline. Then bidders may choose to remove risk at the cost of more hassle or live with it on the expectation that we are being fair. If this option was taken forward we could monitor how often this option was taken and then decide if it is useful to keep or not.

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building and civil engineering contracts, or other contracts whose subject matter may justify a more formal approach.

- 9.4 An official order must be placed and it must refer back to the written quotation or confirmation. Orders must be approved by a [Contracting Officer](#) authorised in accordance with 2.3.

10. Contracts Valued at £50,000 or over but below £100,000

- 10.1 Where the estimated value of the proposed contract is £50,000 or more but less than **£100,000** [all procurements must be completed through the Council's eProcurement system. The Contracting Officer must consult with the Procurement Officer.](#) ~~At least three written quotations or tenders shall be invited or a contract should be called off from a framework in accordance with Contract Standing Order 4.~~

- 10.2 The written quotations or tenders must be invited as a result of public advertisement using one of the following methods:

- The One Stage Tender Procedure should be used; or
- Through the use of Consortia as referred to in Contract Standing Order 6.3.

- 10.3 The criteria for evaluating the quotations or tenders must be determined in advance of invitation, stated in the Council's [e Procurement System](#), advertisement in order of importance, and must be notified to the contractors when the quotations or tenders are requested. A record of the decision making process must be recorded in the file.

- 10.4 Contracting Officers must not deliberately disaggregate the contract requirements so as to enter into two or more contracts below the **£50,000** threshold.

- 10.5 The timescales shall be such that all contractors invited have an equal opportunity to respond and should be no less than 14 days save in the case of urgency where approved by the Head of Legal & Democratic Services and the Head of Finance [and Revenues](#).

11. Contracts Valued at £100,000 or more

- 11.1 Where the estimated value of the proposed contract is £100,000 or more [all procurements must be completed through the Council's eProcurement System.](#) ~~The Contracting Officer must consult with the Procurement Officer. At least six tenders shall be invited or a contract should be called off from a framework in accordance with Contract Standing Order 4.~~

- 11.2 The tenders must be invited as a result of public advertisement using one of the following methods:

- Where the estimated value is below the ~~Threshold~~ the One Stage Tender Procedure is to be used.

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- Where the estimated value is above the Threshold the Two Stage Procedure, or the One Stage Procedure, is to be used unless, in exceptional circumstances, approval has been given to use the Competitive Procedure with Negotiation in accordance with Contract Standing Order 13 or Competitive Dialogue in accordance with Contract Standing Order 14; or
 - Through the use of Consortia as referred to in Contract Standing Order 6.3.
- 11.3 The criteria for short listing and evaluating the quotations must be determined in advance of invitation, stated in the advertisement in order of importance, and must be notified to the contractors when the quotations are requested. A record of the decision making process must be recorded in the file.
- 11.4 Where the estimated value of the proposed contract exceeds the relevant threshold then tenders shall be invited in accordance with the Public Contracts Regulations 2015.
- 11.5 Contracting Officers must not deliberately disaggregate the contract requirements so as to enter into two or more contracts below the £100,000 threshold and avoid the need to enter into the formal tendering procedure.
- 11.6 The timescales shall be such that all contractors invited have an equal opportunity to respond and should be no less than 14 days save in the case of urgency where approved by the Head of Legal & Democratic Services and the Head of Finance and Revenues. If the estimated contract sum exceeds the Threshold timescales as prescribed in the Public Contract Regulations 2015 must be applied.

12 One Stage Procedure

- 12.1 This procedure is the Council's preferred method and should be used for all **advertised** contracts valued below the Threshold. Where the contract is valued above the thresholds this procedure is known as the Open Procedure.
- 12.2 An invitation to tender must be published on the [Council's eProcurement System](#) and [advertised](#) on Contracts Finder and, at the Head of Service's discretion, can also be published in one or more appropriate technical journals published nationally, or in the local press.
- 12.3 [Where the value of the contract is above the Threshold, the Invitation to Tender must also be advertised on Find A Tender. Find A Tender](#) adverts can only be placed by the Procurement Officer.
- 12.4 All invitations to tender must be in writing [\(but should be in electronic form for uploading onto the E-Procurement system\)](#) and must include:

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- the Council's Terms and Conditions of contract ([approved by the Head of Legal and Democratic Services where required under Contract Standing Order 16](#));
- tender documents (as appropriate dependent upon the contract threshold);
- the contract specification;
- the criteria for evaluating the tenders which must be in order of their relative importance and include any weightings;
- the last date and time for receipt of tenders and advice that no tenders received after this date and time will be considered; and
- instruction that the tenders must be returned to the appropriate Contracting Officer [via the E-Procurement System](#).

12.5 Where contracts are above the Threshold there are specific time limits that must be applied and the Procurement Officer, or Legal & Democratic Services can advise regarding these.

13. Two Stage Procedure

13.1 This procedure may only be used above the Threshold and is also known as the Restricted procedure

13.2 Notices inviting expressions of interest from contractors to apply for inclusion on a shortlist for the contract must be published on the Council's [eProcurement System](#) and [advertised on Contracts Finder](#), and [on Find A Tender](#). [Find A Tender adverts can only be placed by the Procurement Officer](#). At the Head of Service's discretion [the opportunity](#) can also be [advertised](#) in one or more appropriate technical journals published nationally or in the local press.

13.3 Notices [in the Council's eProcurement System](#) must include:

- a copy of the Selection Questionnaire tailored to this requirement;
- a copy of the Council's Terms and Conditions of contract ([approved in accordance with Contract Standing Order 16](#));
- All procurement documents including the specification, evaluation criteria and tender documents;
- where and from whom to obtain further information; and
- the last date for receipt of expressions of interest.

13.5 Expressions of interest must be requested by a given date that must be realistic and in accordance with the specific minimum time limits that must be applied for contracts above the Threshold. The procurement officer, or Legal & Democratic Services can advise regarding these.

13.6 Expressions of interest must be accompanied by a fully completed Selection Questionnaire and must be [submitted by suppliers using the E-Procurement System](#).

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13.7 A full record of the decision making process for applying the short listing criteria to the expressions of interests must be maintained by the Contracting Officer. This record must be signed by the Contracting Officer and retained for Audit and Legal purposes to ensure the fair selection of persons or bodies invited to quote or tender.

13.8 Invitations to tender for the contract must be sent to a minimum of 6 bodies from those who applied for permission to tender and which the Contracting Officers considers to be suitably qualified or

where fewer than 6 applied, and are considered suitably qualified, all bodies that responded to that invitation shall be invited. Invitations should not be sent to only one such body without the specific approval in writing of the Head of Finance and Revenues and Head of Legal & Democratic Services.

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13.9 All invitations to tender must be in writing and must include:

- tender documents (as appropriate dependent upon the contract threshold);
- the contract specification;
- the criteria for evaluating the tenders which must be in order of their relative importance and include any weightings;
- the last date for receipt of tenders; and
- instruction that the tenders must be returned via the E-Procurement System.

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Guidance – Two Stage Procedure (Restricted Procedure)

A template Selection Questionnaire is available on the procurement section of the intranet. A standard ITT template is available on the procurement section of the intranet.

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14. Competitive Procedure with Negotiation

14.1 This procedure may only be used above the Threshold and is similar to the Restricted Procedure but includes an option to negotiate with bidders after receipt of Tenders. Further information is available from the Procurement Officer.

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14.2 In all cases, the Head of Service must obtain written approval from the Head of Finance and Revenues and the Head of Legal & Democratic Services and record in writing the reason for proposing the adoption of this procedure.

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15. Competitive Dialogue Procedure

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15.1 This procedure may be used for the letting of a contract where the contract is “particularly complex” and it is not possible to objectively define the:

- technical specification in terms of performance or functional requirements with sufficient precision; and/or
- legal or financial makeup of a project.

15.2 Notices inviting expressions of interest from contractors to apply for inclusion on a shortlist for the contract must be published on the Council’s [eProcurement System](#), and advertised on Contracts Finder, and on Find A Tender if above the threshold. Find A Tender adverts can only be placed by the Councils Procurement Officer. At the Head of Service’s discretion it can also be published in one or more appropriate technical journals published nationally or, in the local press.

15.3 Notices on the Council’s [E-Procurement System](#) must include:

- a copy of the Selection Questionnaire tailored to this requirement;
- All procurement documents including the specification, evaluation criteria and tender documents;
- a copy of the Council’s Terms and Conditions of contract;
- where and from whom to obtain further information; and
- the last date for receipt of expressions of interest.

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15.5 The advert must include:

- the project needs and requirements;
- an explanation that the competitive dialogue will take place in successive stages;
- a time limit for replies; and
- objective and non-discriminatory criteria that will be used to shortlist including any weightings to be applied.

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15.6 In all cases, the Head of Service must obtain written approval from the Head of Finance [and Revenues](#) or the Head of Legal & Democratic Services and record in writing the reason for proposing the adoption of this procedure.

15.7 Interested parties may be excluded from taking part in the competitive dialogue if they fail to meet minimum standards on financial standing or technical or professional ability.

15.8 The minimum number invited to participate must not be less than the number specified in the contract advert which must not be less than 3.

15.9 Invitations to participate must be sent to each interested party accompanied by the contract documentation and the date for commencement of the competitive dialogue.

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- 15.10 A dialogue should be commenced discussing all aspects of the contract with all participants and must ensure equality of treatment. Solutions proposed or confidential information communicated by a participant must not be revealed to the other participants without their **written** agreement. This dialogue should continue until one or more solutions have been identified.
- 15.11 Each participant must be informed that the dialogue has been concluded. Each participant must be requested to submit a final tender within a specified time limit based on the solution discussed during the dialogue.
- 15.12 Tenders shall be evaluated in accordance with Contract Standing Order 22 using the criteria specified in the advert.
- 15.13 The Participant providing the **most economically advantageous tender (MEAT)** may be requested to clarify aspects of the tender or confirm commitments contained in the tender provided this does not modify substantial aspects of the tender.

Commented [WC11]: See Jan's earlier commenting about MAT

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16. Form of Contract

- 16.1 The form of contract to be used must be determined before quotations or tenders are sought and either referred to or included in the quotation/tender documents.
- 16.2 Although it is preferable that the contract terms and conditions to be used are those put forward by the Council, there will be occasions when the use of the contractor's conditions will be required. In these circumstances the Contracting Officer shall either by himself or herself or by instructing Legal & Democratic Services amend the contractor's terms and conditions to ensure they are acceptable to the Council.
- 16.3 Where the contract is valued at £50,000 or above, terms and conditions must be approved by the Legal & Democratic Services and the Contracting Officer must consult with the procurement officer and agree a form of instruction to assist the Legal & Democratic Service in drafting a contract. Instructions should always allow sufficient time for the Legal & Democratic Service to prepare the contract.

Guidance – Form of Contract

1. *It is at this stage that the decision is to be taken as to the form of contract to be used.*
2. *For contracts valued below £20,000 the form of contract shall be a written official purchase order which refers to the contractor's quotation or written confirmation.*
3. *For contracts valued £20,000 and above whether a standard form of contract such as JCT or NEC or contract conditions drawn up by the Head of Legal & Democratic Services, these must be included in the tender documentation.*
4. *There may be occasions where it is appropriate to use contract forms*

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such as PPC2000. If such a form is to be used this shall be agreed in advance by the Head of Finance [and Revenues](#) and the Head of Legal & Democratic Services.

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5. A generic form of instruction is available on the procurement page of the intranet for your guidance.

17. Partnerships and Partnering

- 17.1 Legislation prevents the Council from entering into a partnership as defined by the Partnership Act 1890 whereby the partnership is a body capable of entering into a contract itself. It is however a term used to describe many types of working relationships between the Council and other bodies.
- 17.2 Prior approval to establish a partnership must be obtained from Head of Legal & Democratic Services and/or Head of Finance [and Revenues](#). A competitive process should be undertaken to select the partner/s in accordance with these Contract Standing Orders.
- 17.3 Any contract entered into in connection with a partnership or partnering arrangement will have to be entered into either by the Council or one of the other bodies involved in the arrangement and, depending on the circumstances, there may have to be a competitive process involved in the awarding of the contract. (see 17.10 below).
- 17.4 The [Full Procurement Procedure](#) may apply to contracts under partnerships and partnering arrangements (see 17.10 below).
- 17.5 If the Council is not the contracting party the Head of Service or [Deputy Chief Executive](#) must ensure, where this is required, that the Contracting Party's contract procedures comply with [relevant](#) legislation and are at least as robust as the Council's Contract Standing Orders. (see 17.10 below).
- 17.6 Where the Council is not the contracting body the Head of Service or [Deputy Chief Executive](#) may require assurance from the contracting body to demonstrate that the contract has been let as a Framework Agreement which can be used by the Council. A copy of the advert and, where applicable, the award notice should be obtained and retained for Audit and Legal purposes (see 17.10 below).
- 17.7 Legal & Democratic Services, the Procurement Officer or [must be consulted](#) before a contract is let so that the correct method of procurement is used.
- 17.8 All partnering contracts, whether entered into by the Council or one of the other bodies and where the Council's contribution is £50,000 or above, must be in a form approved by the Head of Legal & Democratic Services.
- 17.9 Where the partnering contract is an employment contract it is essential that the Human Resources Manager confirms that the contract meets all employment legislation requirements.

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17.10 The only circumstances in 17.3, 17.4, 17.5 and 17.6 above where it will be appropriate for there to be no tendering process or compliance with the Full Procurement Procedure will be where the Council's partner has been appointed following a competitive process. These exceptions will not necessarily apply in all cases and the partner will, in any event, be expected to demonstrate value for money. In all cases the contracting officer must seek prior confirmation from the Head of Legal & Democratic Services and/or the Head of Finance and Revenues as to whether a tendering process or the Full Procurement Procedure applies to the partnership and/or partnering contract and/or procurement to be undertaken by the partnership

17.11 In the event that the Council's partner undertakes a tender process on behalf of the partnership:

- a) the partner must apply these Contract Standing Orders unless the Head of Legal & Democratic Services and Head of Finance and Revenues approve an exception.
- b) where the contract is between the Council and a Contractor the award must be approved by the Contracting Officer
- c) where the contract is between the partner and a contractor the Contracting Officer must be consulted before award.
- d) Tenders should normally be submitted through the E-Procurement System or (for procurements valued at more than £5,000 but less than £20,000) in accordance with Contract Standing Order 19. With the prior approval of the Head of Legal and Democratic Services, the partner may operate an alternative tender receipt/opening process (e.g. use of the partner's own e-tendering system, or submission of sealed tenders). In such cases, a full report on the outcome of the opening procedure and confirmation that no tenders were opened before the specified date and time for receipt must be sent to the Contracting Officer following the tender opening.

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Guidance - Partnerships and Partnering

The term 'partnership' is used loosely across the Council to describe many types of working relationships between the Council as service provider and other bodies, external to the Council.

There are a number of reasons for local authorities exploring the possibility of partnerships:

- to share risk;
- to access new resources and specialist skills; or
- to review service delivery options.

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The Council's partner may be:

- a voluntary organisation;
- a community enterprise/trust;
- a private contractor/developer;
- another public sector body;
- a local authority company;

There are a variety of structures for a partnership arrangement:

- contractually based (not PFI);
- joint ventures;
- not-for-profit joint entity (e.g. trust);
- PFI; and
- strategically co-ordinated services.

However, the main point to remember is that intending to enter into a partnership arrangement does not automatically preclude the need for a competitive process at the outset, to actually choose the partner and the initial organisational and administrative arrangements. Indeed, many strategic partnership arrangements will exceed ~~Threshold~~, and will therefore automatically be subject to a Restricted, Open, Competitive Dialogue or Competitive Procedure with Negotiation in accordance with the Regulations. Similarly, other seemingly small value partnerships will extend over a large number of years in order to reap the benefits of the partnership approach, and will again be subject to the full Procurement Procedure. Even where the ~~Threshold is not reached~~, a competitive process should be undertaken, in order to demonstrate probity in the choice of partner. However where the other party is another Local Authority this is unlikely to be relevant.

It will also be necessary to determine the identity of the contracting body where goods, services or works are being procured as the 'partnership' itself may not be a legal entity that is able to contract. The contracting party is likely to be one of the 'partners' or, in some occasions, all 'partners'.

Where the Council's partner has been appointed following a competitive procedure it may not always be necessary for subsequent contracts during the 'partnership' or for procurement undertaken by the partner to be subject to competitive tender or the Full Procurement Process. Contracting officers must always seek prior confirmation from the Head of Legal & Democratic Services and/or the Head of Finance & Revenues of the position.

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18. Shared Services

- 18.1 This expression covers those arrangements where the Council enters into an arrangement with one or more other local authorities for the joint provision of part or the whole of a Council service.
- 18.2 The arrangement will take one of the following forms:
- a) the staff performing the service the subject of the agreement being employed by one of the councils concerned and an agreement with the other council(s) for the provision of the service by the employing council on terms agreed between the councils engaged in the shared service; or
 - b) the Head of Service or other senior manager only being employed by one of the councils concerned but managing staff employed by the councils engaged in the shared service; or
 - c) an agreement between one or more councils whereby staff within the specified service(s) work together on terms agreed between the councils engaged in the shared service.
- 18.3 The Contracting Officer must consult with the Head of Legal & Democratic Services so the best method of procurement is used in the event that the shared service wishes to procure a contract with a third party.
- 18.4 Where the Head of Legal & Democratic Services advises that a procurement exercise is required these Contract Standing Orders must be followed.
- 18.5 As a rule, shared services are not procurement contracts and can be established pursuant to provisions in the Local Government Act 1972, the Local Government Act 2000 and regulations made thereunder.
- 18.6 Special arrangements exist in respect of IT procurement as set out in the 'MEMORANDUM OF UNDERSTANDING between TEST VALLEY BOROUGH COUNCIL and WINCHESTER CITY COUNCIL for a SHARED INFORMATION TECHNOLOGY SERVICE'. The procurement of any new computer software or hardware for use by the Shared IT Service shall require the agreement of both the Authorities. The Shared Service Project Board shall agree which Authority will be the procuring Authority. Procurement of third party services and/or goods (including computer software), for the purposes of the Shared IT Service, shall be in accordance with the Contract Standing Orders of the procuring Authority.

Shared Services

The expression shared services encompasses a variety of different arrangements and can involve two or more councils.

Advice must be sought from the Head of Legal & Democratic Services at the outset to determine whether the proposed shared service can be effected under this legislation or should be the subject of a procurement exercise.

19. Receipt of Quotations valued at £5,000 or above but below £20,000.

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- 19.1 [Procurements between £5,000 and £20,000 must be undertaken either using the E-Procurement System in accordance with Contract Standing Order 20 or under this Contract Standing Order, which applies only where the E-Procurement system has not been used.](#) Every quotation must be received and retained by the contracting Officer, unopened, until the time and date stated in the invitation to quote or tender.
- 19.2 The date and time of receipt must be written on the outside of the [quotation](#) by the Officer who first receives it, together with his/her initials.

Guidance – receipt of quotations,

The Contracting Service should make clear in the advert/invitation to quote, to whom the quotation should be returned, which should be the contracting Head of Service.

The Contracting Officer must ensure that either envelopes are provided with invitations to quote and clearly marked "Quotation for (contract title)" or instruction is given in the advert/invitation to quote that envelopes are to be marked "Quotation for (Contract Title)".

The Contracting Officer should instruct post opening staff not to open envelopes clearly marked "Quotation" and to record the date, time and their initials on the unopened envelope

An officer should be authorised to receive the quotations from post opening staff, to maintain a record and keep unopened quotations in safe custody until the time for opening.

20 Receipt and opening of Quotations and Tenders via the eProcurement System.

- 20.1 [The eProcurement System's functionality prevents any access to submitted quotations/tenders \(including access by the system administrators\) until the date and time set for opening has passed. Every quotation or tender within the eProcurement System will therefore remain unopened, until the specified time and date.](#)
- 20.2 [The date and time of receipt of each quotation/tender will be recorded by the eProcurement System.](#)
- 20.3 [For all tenders submitted via the eProcurement System, the Contracting Officer shall be an officer within the contracting service who has been appointed for this purpose by the Head of Service.](#)
- 20.4 [Where a tenderer seeks to submit a tender after the deadline, and provides details of why it was unable to submit the tender before the deadline, the System Administrator shall:-](#)
 - a) [ensure that other tenders received for that procurement are not opened until a decision on eligibility has been taken; and](#)
 - b) [report the full circumstances to the Head of Finance and Revenues and Legal and Democratic Services. Taking such report into account, the Head of Legal and Democratic Services, in consultation with the Head of Finance and Revenues,](#)

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19.4. For tenders below this sum the Contracting Officer shall be an officer within the contracting service who has been appointed for this purpose by the Head of Service¶

19.5. Any tender received after the specified date and time for receipt, must not be considered for evaluation, and must be returned promptly to the contractor by the Contracting Officer. Where the tender is for a contract of £100,000 or over the officer in the Revenues Service shall pass the tender on to the Contracting Officer to enable him/her to return it. ¶

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Commented [HNB114]: Have added in a provision for SA to complete a Tender Opening Sheet noting the tender sums, and forwarding this to the contract officer and Internal Audit Manager

Commented [BJ15]: Need a section for opening of those below £20k. Would still expect a tender opening record to be completed?

Commented [OD16R15]: I could run a report from the system that shows which bidders submitted a return. We do not force bidders to input a tender value as I wanted to keep the process as simple as possible for bidders as when I used this functionality at a previous role it caused more hassle than gave benefit - either by bidders writing the wrong numbers in or last minute phone calls from bidders asking for assistance. I could complete a form similar to the opening sheet if tha ... [7]

Deleted: Tenders over £100k¶ ... [6]

Commented [HNB117]: Promote up order so that e- ... [8]

Commented [WC18R17]: Agreed.

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may determine that the tender be accepted after the deadline and evaluated. A record detailing the reasons for any such decision shall be kept.

20.5 All tenders received via the eProcurement system will be opened at the same time by a System Administrator after the tender deadline. The tender documents will then be downloaded and forwarded to the Contracting Officer, together with a Tender Opening Sheet completed by the System Administrator who opened the tenders, confirming the tender sum recorded against each tender. The Tender Opening Sheet shall also be sent to the Head of Internal Audit.

20.6 The System Administrator will ensure that reports are available from the eProcurement System if required.

Guidance – receipt of quotations and tenders

Use of the E-Procurement System ensures that tenders cannot be opened before the specified tender deadline, and provides a clear audit trail of the receipt/opening process.

The System will not allow the submission of “Late” tenders after the specified deadline, but in case of a technical issue with the System or fault on the part of the Council preventing a valid tender submission, 20.4 provides a procedure to consider and assess the full circumstances where a tenderer is unable to submit before the deadline and (where appropriate) permits late submission and consideration of such a tender.

Where a tenderer states that they have been unable to submit in time, opening of the other tenders should be suspended to allow the process in 20.4 to be undertaken.

21. Errors and Discrepancies

- 21.1 As a minimum requirement, the three lowest priced tenders are to be examined for any arithmetical omission, error or discrepancy by the Contracting Officer.
- 21.2 The documents for all tenders that are based on, or supported by, a Schedule of Rates, Bill of Quantities or other pricing document shall indicate how arithmetical and other errors are to be dealt with.
- 21.3 The methods for dealing with errors in the tender documents must be determined at the time the tender documents are drawn up, and included in the

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 (a) . no eligible tenders have been opened prior to receipt of the late tender; and
 (b) . the Head of Legal & Democratic Services is satisfied that there is evidence that the tender was in time for receipt in the normal course of events, by the specified deadline

Commented [HNB19]: Just the SA, or should a CO be present also? Current CSOs require HofS and auditor, so just SA and CO would be a reduction from current high requirements...

Commented [WC20R19]: Are we happy that the system provides the additional control that a second person previously would have? This doesn't seem unreasonable if there's an audit trail that all documents / tenders have been downloaded. Jan, thoughts?

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Commented [HNB121]: New provision – see comment above.

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 The Contracting Officer must ensure that either envelopes are provided with invitations to quote/tender and clearly marked "Quotation/Tender for (contract title)" or instruction is given in the advert/invitation to tender that envelopes are to be marked "Quotation/Tender for (Contract Title)".
 The Contracting Officer should instruct post opening staff not to open envelopes clearly marked "Quotation" or "Tender" and to record the date, time and their initials on the unopened envelope.
 An officer should be authorised to receive the tenders from post opening staff, to maintain a record and keep unopened tenders in safe custody until the time for opening.
Tenders over £100k
 <#>The Contracting Service should inform the Revenues Service when expecting receipt of tenders (i.e. the date and time to be received by).
 <#>The Revenues Service to maintain a hardback book to record the date and time each tender received.
 <#>Upon receipt of each tender the Revenues Service to leave the envelope unopened and note the date and time received and their initials on the tender envelope and in the hardback book. If an envelope is opened (because it is not clearly identified as a tender) then the envelope should be resealed and signed across the seal by the officer who opened it. The fact that the tender was opened should also be recorded in the hardback book.

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 210.1 . All tenders received by the deadline must be opened at the same time and place after the closing date and time for receipt stated in the invitation to tender.

documentation sent out to tenderers. All tenders should be checked for arithmetical accuracy.

21.4 Errors are to be dealt with as follows:

- Confirm the tender price as submitted, including errors or amend to correct these errors;
- The tenderer to be given written details of the errors and discrepancies and given the opportunity to confirm their offer or amend to correct genuine errors/omissions; and
- If the tenderer amends the tender to correct genuine errors/omissions, the tender sum should be revised (corrected). This can involve amendment of rates.

All amendments or confirmation of offer must be confirmed in writing by the contractor.

- 21.5 The procedure must be seen to be fair and equitable to all tenderers. The materiality of the error also needs to be assessed – if the stance taken by the tenderer when the error is pointed out is such that it casts doubt on his ability to perform the contract for that price, the decision to award at that price should be taken only after careful consideration of the facts, and seeking of further advice where necessary.

22. Evaluation of Tenders and Quotations

- 22.1 A minimum of 2 officers nominated by the Head of Service should evaluate the tenders. Where the contract sum is £100k or above the Head of Service must either be one of the team evaluating the tenders or must approve an evaluation report produced by the evaluation team.
- 22.2 The criteria for evaluating each tender or quotation must be notified to all tenderers as part of the contract documentation. Where the criteria include non-financial matters as well as price, these must be formulated and prioritised clearly in the invitation to tender, together with any sub criteria and weightings.
- 22.3 All criteria and sub criteria used must be capable of objective assessment.
- 22.4 An evaluation model should be used to apply the evaluation criteria in order to identify the most economically advantageous tender for the Council. A full record of the decision making process should be recorded and filed. The evaluation model should be signed by the lead officer and one other officer from the contracting Service or where Members are involved by the lead officer and lead Member.
- 22.5 Submission documentation including costings must be retained for each tender involved in the evaluation for the duration of the contract plus one financial year for Audit and Legal purposes.

Guidance - Tender Evaluation

Tender evaluation is the process by which the Council decides which quotation

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or tender offers the best value for money for the Council, i.e. which is the most economically advantageous. For lower value contracts, the decision may be based on price alone, but for more complex and higher value contracts, the bids may be evaluated in terms of:

- a) *Financial aspects;*
- b) *Quality aspects; and*
- c) *Other aspects such as sustainability.*

The criteria on which tenders will be evaluated and the method of evaluation (the tender evaluation model) must be set out in the tender documentation. An example Evaluation Model is available on the procurement section of the intranet.

Commented [BJ22]: Is it? Provide link

Commented [HNB123]: Review after CSOs revised

23. Award of Contracts

- 23.1 Before awarding any contract, the contracting officer **must** ensure that an adequate approved budget is available to meet the cost. Where the quotation/tender proposed for acceptance exceeds the approved budget, there are a number of options available as set out in the Council's Financial Procedure Rules. The most common means of financing a budget shortfall is to identify savings elsewhere in the Service budgets and seek approval for a virement. If no spare financial capacity can be identified, it may be necessary to seek Cabinet approval for a supplementary estimate.
- 23.2 In the case of Capital Schemes, a tolerance of 10% of the project cost is built into the Capital Investment Programme and no further approval is necessary (unless the additional costs are over £100,000). If, however, quotations/tenders are more than 10% of the approved scheme budget and no virement opportunities exist, **prior** approval to proceed must be obtained from Cabinet even if this delays the project.

24. Award of Contracts below £20,000

- 24.1 Every contract shall be awarded to the contractor submitting the **Best Value** for money tender on the basis of the evaluation criteria.
- 24.2 Subject to 23.1 and 23.2 above, quotations/tenders may be accepted in writing by the Head of Service who must use the Standard Letter (Acceptance of Quotation/Tender).
- 24.3 Contractors submitting unsuccessful quotations or tenders shall be notified and the Standard Letter (Rejection of Quotation/Tender) must be used.
- 24.4 Where the contract value exceeds £5,000 and once the contract documentation has been completed details shall be entered into the Corporate Contracts Register, Where the Council's e Procurement System was used to administer the quotation/tender process, this will be undertaken by the System Administrator. In

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all other cases, the Contracting Officer shall complete the eform on the procurement section of the intranet.

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25. Award of Contracts £20,000 and above

25.1 Every contract shall be awarded to the contractor submitting the best value for money tender on the basis of the evaluation criteria.

25.3 Subject to 23.1 and 23.2 above, quotations/tenders may be accepted in writing by the Head of Service who must use the Standard Letter (Acceptance of Quotation/Tender). The award letter will be submitted through messaging on the E-Procurement System.

Commented [HNB124]: DO would contact bidders and send the award letter. HoFS would then progress the letter. (there is a second award letter on system to confirm after standstill that contract has been awarded.

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25.4 Contractors submitting unsuccessful quotations or tenders shall be notified and the Standard Letter (Rejection of Quotation/Tender) must be used. The award letter will be submitted through messaging on the E-Procurement System.

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25.5 Where the contract exceeds the Threshold the Council is required by law to allow a period of at least ten (10) days to elapse between the date of despatch of the notice referred to in 25.4 above and the date on which the contract commences.

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25.6 Once the contract documentation has been completed details shall be entered into the Corporate Contracts Register by the Procurement Officer via the Council's E-Procurement System.

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25.7 Where the contract value exceeds £25,000 and once the contract documentation has been completed details shall be recorded by the Procurement Officer on Contracts Finder via the Council's E-Procurement system.

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25.8 Where the contract value exceeds the Threshold and once the contract documentation has been completed details shall also be recorded on Find A Tender by the Procurement Officer via the Council's E-Procurement System

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Guidance Note - Award of Contracts

Where the contract sum exceeds the Threshold the successful tenderer must be informed that the contract cannot commence until the expiration of 10 days from the notification of the award (this presupposes that electronic notification of the outcome is sent to all tenderers on the same day).

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10 days must elapse between the sending of the notification to unsuccessful tenderers to ask for additional information to challenge the award. There are strict time limits for this and if additional information is sought the Contracting Officer should check with the procurement officer or the Head of Legal & Democratic Services for these.

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26. Contents of Contracts

26.1 All contracts must be in writing and those that are £50,000 and above in value and in any other case where the Head of Legal & Democratic Services so

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decides, shall be in a form approved by the Head of Legal & Democratic Services.

26.2 Where the appropriate Head of Service is satisfied that works must be executed, or supplies or services obtained as a matter of urgency prior to the execution of the contract, the procurement may commence provided that:

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- the Head of Service has consulted with the Head of Finance [and Revenues](#) and the Head of Legal & Democratic Services and approval has been given;
- an official order has been placed for the pre-contract element of the procurement; and
- a written Contract is executed as soon as practicable thereafter.

26.3 In the case of the purchase or sale of goods by auction where a written contract is not appropriate the Head of Service must be satisfied that the best price has been obtained.

26.4 Every Contract of £100,000 and above in value, and in any other case where the Head of Legal & Democratic Services so decides, shall be under seal, unless the Head of Legal & Democratic Services or Director approves the use of an official order, such as a Call Off under a Framework Agreement.

26.5 Every Contract shall specify:

- a) the work, supplies or services to be undertaken or supplied;
- b) the price to be paid with a statement of discounts or other deductions;
- c) the time or times within which the Contract is to be performed and, where appropriate, the amount of liquidated damages which may otherwise become due;
- d) insurance provisions ; and
- e) the conditions of the Contract.

26.6 Every Contract in writing not made under seal shall be signed by the appropriate Head of Service and Contracting Officer (or where the Head of Service is the Contracting Officer – the Head of Legal & Democratic Services or Head of Finance [and Revenues](#)) in accordance with the limits defined in the list of authorised signatories.

Performance Guarantees

26.7 Where appropriate the Council shall require the Contracting Body to give sufficient security for the due performance of the contract. This can be

- a) a performance bond in the following sums

<u>Contract Value</u>	<u>Amount of Security</u>
£100,000 to £1,000,000	10%
Over £1,000,000	the higher of £100,000 and 5%

Commented [WC25]: Otherwise the bond would be £50,001 for a contract of £1,000,020 but £99,990 for a contract of £999,990.

How do we cover the ultimate release of the bond once contract obligations are delivered?

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(all figures inclusive of VAT)

or

- b) a retention until expiry of the defects liability in such sum as shall be agreed in writing between the Contracting Officer and the Head of Finance [and Revenues](#)

26.8 If a performance bond is required to be provided the Authorised Officer shall arrange through the Head of Finance [and Revenues](#) for the financial status of the bondsman to be investigated.

26.9 The Head of Finance [and Revenues](#) may determine that for contracts where the Council will not or is unlikely to suffer loss or that any loss will be small such as those for:

- (a) maintenance; or
- (b) the supply of goods paid for upon invoice following delivery; or
- (c) services paid in arrears

that no performance bond or retention is required. The Head of Finance [and Revenues](#) may advise contracting officers on request.

Usual Clauses

26.10 Liquidated Damages

Where a Contract is for the execution of works, the provision of services or supplies by a particular date or series of dates, the appropriate Head of Service shall determine whether it should contain provision for liquidated damages.

26.11 Insurances

- (a) Where the Council is procuring works or services evidence of public liability insurance must be provided by the contractor and maintained throughout the period of the contract.
- (b) The value of Public Liability Insurance must not be less than £10,000,000 or such other sum as the Head of Finance [and Revenues](#) may advise.
- (a) Where the contractor is providing a professional service the Head of Finance [and Revenues](#) should be consulted to establish if Professional Indemnity insurance is appropriate and the sum to be required.
- (d) Where the contract extends beyond the expiry date of current insurances the Contracting Officers shall ensure that copies of renewal certificates are obtained and examined.

Commented [WC26]: In aggregate of per claim? Has been an issue before. Simon, any thoughts on how these policies are usually written / what is reasonable for us to expect?

26.12 Construction Industry Tax Certificates

The Contracting Officer shall, where it is a lawful requirement, ensure that the contractor has produced for inspection a current Tax Certificate in respect of the contractor and any sub-contractors and a copy provided to the Head of Finance [and Revenues](#).

Contract Clauses (all contracts)

26.13 Non-assignment or transfer of contract

Every written Contract shall include a clause to prevent the Contractor from transferring or assigning the Contract either directly or indirectly, without the written consent of the Council and to prevent the sub-letting of the Contract except to the extent permitted in writing by the appropriate Head of Service.

26.14 Prevention of Corruption

Every written Contract shall include a clause to secure that the Council shall be entitled to cancel the Contract and to recover from the Contractor the amount of any loss resulting from such cancellation if, in connection with the Contract, the contractor or an officer or employee of the contractor commits or, after commencement of the contract, it becomes known that prior to the commencement the contractor or an officer or employee of the contractor committed an offence under the Bribery Act 2010 or gives any fee or reward the receipt of which is an offence under s.19(2) of the 1972 Act, or has directly or indirectly canvassed any member or officer, or has obtained or attempted to obtain information concerning any other tender or otherwise acts in a similar unlawful manner.

26.15 Termination Provisions

Every written Contract shall include a clause to secure that, should the contractor fail to carry out the works, provide the services or deliver the supplies or any part thereof within the time specified in the Contract, the Council, without prejudice to any other remedy available, shall be at liberty to terminate the Contract either wholly or to the extent of such default and execute the works, procure the services or purchase other supplies to make good such default, or in the event of the Contract being wholly terminated, the remainder of the works to be executed, services to be provided or the supplies remaining to be delivered. Such clause shall further secure that the amount by which the cost of so executing the works, so procuring the services or so purchasing other supplies exceeds the amount which would have been payable to the contractor in respect of the works, services or supplies shall be recoverable from the contractor.

Specific Conditions

26.16 Where appropriate, every contract must provide for compliance with all relevant legislation including:

- a) The European Convention on Human Rights
- b) Equalities and Disabilities
- c) Health and Safety at Work – the Contractor must comply with the Council's policy which can be found on the Intranet
- d) Data Protection
- e) Freedom of Information
- f) Employment legislation, including TUPE where applicable.

ANNEX 5

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26.17 Every contract must provide for information to be reasonably requested by the Council and provided by the supplier in relevant cases regarding:

- a) Equalities and Disabilities Matters
- b) Best Value
- c) Transfer of Undertakings and Protection of Employment
- d) Open book accounting
- e) Safeguarding

Standards

26.18 All goods, materials and workmanship must be specified by reference to any relevant European or International Specification or Standard or, if there are none, to any relevant British Specification or Standard.

26.19 Goods and materials shall not be specified by reference to a particular make, source or process which has the effect of favouring or eliminating particular contractors or suppliers, except when this is unavoidable because of the subject matter of the contract or the absence of relevant specifications or standards. When goods and materials are so specified, the contract shall permit the successful contractor to propose suitable alternatives.

Deleted: Payment of Undisputed Invoices within 30 days
 26.20 . The Council is required to ensure that we pay our suppliers within 30 days of receipt of an undisputed invoice and must also ensure that contracts include provisions to require our suppliers to pay their subcontractors within 30 days of receipt of an undisputed invoice, and that this provision is included in their subcontracts.

27. Specific Contracts

Consultants

27.1 The Contracting Officer shall ensure that it is a condition of the engagement of a consultant that they are required to comply with these Contract Standing Orders and shall provide the consultant with a copy of these Contract Standing Orders.

27.2 Where the contract value is £20,000 or above a Head of Service or [Deputy Chief Executive](#), should approve the appointment of a consultant.

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27.3 One off consultancy projects shall be managed in accordance with the Council's Project Management Methodology where applicable. [The Head of Strategy and Innovation](#) can advise on the need to follow the Methodology.

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27.4 Where consultants are employed on a regular or ongoing basis the Estimated Contract Value should be calculated and these Contract Standing Orders applied accordingly.

27.5 The consultant should on request produce all records maintained by him in relation to the contract and on completion of the contract transmit all such records to the Contracting Officer.

27.6 In the event that the consultant is instructed to undertake a tender process:

- a) the consultant must apply these Contract Standing Orders unless the Head of Legal & Democratic Services and Head of Finance [and Revenues](#) approve an exception.

ANNEX 5

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- b) where the contract is between the Council and a Contractor the award must be approved by the Contracting Officer
- c) where the contract is between the consultant and a contractor the Contracting Officer must be consulted before award.
- d) tenders should normally be submitted through the E-Procurement System or (for procurements valued at less than £20,000) in accordance with Contract Standing Order 19. With the prior approval of the Head of Legal and Democratic Services, the consultant may operate an alternative tender receipt/opening process (e.g. use of the consultant's own e-tendering system, or submission of sealed tenders). In such cases, a full report on the outcome of the opening procedure and confirmation that no tenders were opened before the specified date and time for receipt / no late tenders were accepted must be sent to the Contracting Officer following the tender opening.

Deleted: the consultant may receive and open tenders in accordance with 19 and 20 where prior approval has been given by the Head of the Contracting Service. A copy of the Tender Openings Sheet

27.7 The contract should be awarded on the basis of who best meets the brief in terms of cost/quality criteria.

27.8 Where a consultant is involved in the design stage of a project neither the consultant nor an associated company or business can enter any subsequent expression of interest to bid for the work without an independent assessment having been undertaken and the prior written consent of the Head of Finance and Revenues and the Head of Legal & Democratic Services is given. This is to ensure transparency and fairness of opportunity is maintained.

Guidance

A consultant is an individual engaged by the Council as an independent contractor to provide expert or professional advice or services. He/she is not an employee of the Council. A consultant may be appointed to undertake:

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- *a one off project (e.g. architect)*
- *provide ongoing services in relation to a particular function (e.g. IT consultancy engineer)*

The following should be considered and included in the specification/contract.

- *As far as possible a fixed cost should be agreed rather than hourly rate. This may only be possible for part of the work.*
- *Specify a time period within which the work should be completed. This is particularly important where an hourly rate rather than a fixed fee has been agreed.*
- *Where a partnership or Company is appointed a condition should be agreed whereby the appointment can be terminated at the discretion of the Council if the particular individual whose personal skill is of primary importance to the Council ceases to be a partner in, or employed by, that partnership or company.*

ANNEX 5

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- On larger projects or projects with definable stages link payments to the completion/outcomes for each stage.
- Ensure that any incidental costs e.g. mileage rates are also agreed as part of the contract.

The contract should be awarded on the basis of who best meets the brief in terms of cost/quality criteria, e.g.:

- Management systems and control
- Ability to provide ongoing interface with client at local level
- Financial status check (available from the Finance Service)
- Designer ability/ cost management competence
- Previous relevant experience (inc references)
- Professional indemnity insurance and where appropriate public liability insurance.
- Skilled personnel resources
- Compliance with Health and safety regulations
- Ability to meet specification

In relation to one off consultancy projects [the Head of Strategy and Innovation](#) shall advise whether the project is to be managed in accordance with the Council's Project Management Methodology.

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It is essential that transparency and fairness of opportunity are maintained in relation to the procurement process. Therefore a consultant who has been involved in the design stage of a project cannot enter an expression of interest either him/herself or through an associated company or business unless both the Head of Finance [and Revenues](#) and the Head of Legal & Democratic Services have given their prior written consent.

IT

27.9 All contracts for computer hardware or software or for any services or works in relation to Information Technology shall be procured in consultation with the Head of Information Technology.

Leasing Agreements

27.10 All lease agreements shall be arranged through the Head of Finance [and Revenues](#) save that this clause does not apply to those leases that are delegated to the Head of [Property and Asset Management](#), under the Council's Officer Delegation Scheme.

Deleted: Estates & Economic Development

Contracts linked with Leases or Licences of Property

[ANNEX 5](#)

- 27.11 There will be occasions where the Council is entering into a contract that is [linked with](#) the granting of a lease or licence of Council property to the contractors. At the start of the process for such contracts the Contracting Officer must consult with the Head of [Property and Asset Management](#), and the Head of Legal & Democratic Services to ensure [that](#):
- a) all payments or payments in kind, e.g. rental reduction to the contractor, are taken into account when valuing the contract, and
 - b) the termination provisions for both the contract and the property transaction coincide.

28. Contract Monitoring & Evaluation

- 28.1 During the life of the contract the Contracting Officer must monitor in respect of
- performance
 - compliance with specification and contract
 - cost
 - any Best Value requirements
 - user satisfaction and risk management
- 28.2 This provision applies to all contracts but the level of monitoring will depend on the type and value of the contract.

Guidance - Contract Monitoring and Evaluation

The methods by which contract monitoring will be undertaken should be included in the contract documentation as performance monitoring clauses and the link to the specification must be clear

- a) *Decide on the most **appropriate method(s)** for monitoring performance. These include:*
 - i) *Continuous/ Close/ Direct*
 - *particularly important at the beginning of the service, especially if it is an unusual type of outsourcing*
 - *labour intensive*
 - *can upset relationships.*
 - ii) *Scheduled arranged in advance according to :*
 - *Client's schedule*
 - *Contractor's schedule – joint inspection.*
 - iii) *Random/Sample Basis*
 - *must be based on planned sample basis*
 - *encourages contractor to maintain consistent standards*

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- iv) *Exception*
 - *based on reports received from contractor.*
 - v) *Self monitoring*
 - *Any monitoring method should try to avoid duplication of contractor's work and responsibilities.*
- b) **The Performance Standards**
- Where it is possible to determine the critical functions that the contractor is to perform and what counts as satisfactory or unsatisfactory performance these should be defined in objective and measurable terms and included in the contract.*
- Where this is not possible, performance monitoring will have a more generalised effect. It will be based on client/contractor liaison, and dependent on the pre-existence of a good relationship between the client and the contractor and upon the contractor being able, within its own skills base and within the contract price, to deliver a highly professional service/works.*
- c) **Performance Monitoring Procedures**
- Their complexity depends on the nature and importance of the service/works. A simple ("do it again") approach may be adequate. Alternatively, the Council may want specific procedures to allow it to adjust the price or issue a written instruction to the contractor. There may be a system for the issue of default notices (for which a charge may be imposed to reflect the administrative costs of investigation and issue), with more than a certain number leading to termination.*
- A more sophisticated approach may be needed for long-term professional-type services. In that case, simpler procedures based on default notices leading to termination may not be appropriate given the nature and length of the likely relationship. As an alternative, the Council may prefer escalation procedures with a series of steps providing, for example, for the issue of a preliminary letter, agreement of an action plan and an advanced action plan, with only then notice of intention to cease instructions and possible termination of the contract. This approach to managing performance implies a long term, partnership-type approach to the services – and so would not be suitable for managing a contractor delivering routine services on an aggressively priced bid.*
- d) *The point at which poor performance leads to **Termination**.*
- What is the client's strategy to control the move from monitoring and improvement to termination?*

29. Variations

ANNEX 5

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- 29.1 Subject to the provisions of the contract and in consultation with the Head of Legal & Democratic Services and Head of Finance [and Revenues](#) where appropriate, every variation order shall be authorised in writing by the Contracting Officer. All such variation orders must be agreed prior to the work being carried out but, in exceptional circumstances, should be issued as soon as possible thereafter.
- 29.2 All capital contracts must include a contingency sum to allow for variations. Variation Orders may be issued as long as they can be met from:
- a) the contingency allowed within the budget or,
 - b) where prior approval has been obtained in writing from the Head of Finance [and Revenues](#), from another source within the Capital Programme. Where the additional cost cannot be met from an existing source of funding, or the Head of Finance [and Revenues](#) considers it to be a material change to an existing scheme then a report to the Cabinet shall be submitted by the Contracting Officer requesting additional funds.

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30. Payments to contractors

- 30.1 The contracting officer must monitor instalment payments to contractors against the contract terms.
- 30.2 Payments to contractors in respect of works contracts made under seal shall only be made on a contract certificate signed by the Contracting Officer. The form of such certificate shall be agreed by the Head of Finance [and Revenues](#).
- 30.3 Upon issue of the final certificate the Contracting Officer shall request the Head of Legal & Democratic Services to release the bond or other security. The Head of Legal & Democratic shall determine if it is in order for the bond to be released and shall inform the contracting service accordingly.

31. Project Management

- 31.1 Whatever the size of the contract to be let the Authorising Officer must seek advice from [the Head of Strategy and Innovation](#) to determine whether the Council's Project Management Methodology applies.
- 31.2 Where the contract is to be managed in accordance with the Project Management Methodology the steps and processes required shall be followed.

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32. Retention of Documentation

- 32.1 All Contracts together with the documentation prepared as a result of applying these Contract Standing Orders must be securely retained for the duration of contract and in accordance with statutory retention timescales. Provided that all the documentation is scanned and a certificate of scanning (in a form approved by the Head of Legal & Democratic Services) is signed by the person undertaking it this requirement can be satisfied by retaining the scanned copies in an archive designated by the Council's IT Service.

[ANNEX 5](#)

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- 32.2 All contracts bearing the common seal of the Council must be retained in the strong room.
- 32.3 Where the procurement takes place under a Framework Agreement advice must be sought from the Head of Legal & Democratic Services as to the documentation to be retained.
- 32.4 All documents, including unsuccessful tenders and quotations, should be retained as per the Council's [Document](#) Retention Schedule.

33. Amendments to these Contract Standing Orders

- 33.1 The Head of Legal & Democratic Services shall have the power to make technical amendments from time to time to make these Standing Orders consistent with legal requirements, changes in Council structures and personnel and best practice after consultation with the Head of Finance [and Revenues](#).

[ANNEX 5](#)

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APPENDIX 1A

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¶
To be opened in the presence of:¶
¶
¶
£20,000 to £99,999 - the Head of the Contracting Service
or his/her nominee & one other officer appointed by HOS¶
¶
Nature of
Procurement.....¶
.....¶
¶
File or Contract
Reference.....¶
¶
Estimated value of
work.....¶
¶~~

... [11]

Page 129: [1] Deleted Howard Bone 1 03/05/22 14:01:00

Opening of Quotations & Tenders

Page 132: [2] Deleted Howard Bone 1 03/05/22 14:06:00

Corporate Contract	An existing contract made by the Council and which is available for use by the Council as a whole.
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Page 132: [3] Deleted Howard Bone 16/03/21 15:27:00

The Directive	Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC from which the EU Procedure and the Public Contracts Regulations 2015 derive.
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Page 132: [4] Deleted Howard Bone 16/03/21 16:07:00

EU Procedure	The procedure required by the EU where the total estimated contract value exceeds the EU Threshold
--------------	--

EU Threshold	The contract value at which EU public procurement directives must be applied, currently £164,176181,302 (€209,000) for the supply of goods or services and £4,, 104,394551,413 (€5,225,000) for building, engineering and construction contracts, from 1 January 2016. These values are updated every two years and up to date values are available at http://www.ojec.com/thresholds.aspx . The relevant values are for 'Other Contracting Authorities'.
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Page 141: [5] Deleted Howard Bone 1 04/07/22 17:10:00

6.3 Where a Corporate Contract is obtainable through any consortium covering the proposed procurement, this should be used. A standard procurement process in accordance with these Contract Standing Orders must be undertaken if it is proposed **not** to utilise an existing contract.

Guidance – Corporate Contracts

*In order to improve the efficiency of procurement activities, the Council is intending to procure a number of contracts for use by all, so that separate quotations/tendering exercises do not need to be undertaken in every case. The contracts already procured, and others available for use, can, **can** be found in the Council's Corporate Contracts Register.*

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Tenders over £100k

The Contracting Service should inform the Revenues Service when expecting receipt of tenders (i.e. the date and time to be received by).

The Revenues Service to maintain a hardback book to record the date and time each tender received.

Upon receipt of each tender the Revenues Service to leave the envelope unopened and note the date and time received and their initials on the tender envelope and in the hardback book. If an envelope is opened (because it is not clearly identified as a tender) then the envelope should be resealed and signed across the seal by the officer who opened it. The fact that the tender was opened should also be recorded in the hardback book.

The Revenues Service to secure all tenders in a locked cupboard until the date and time for opening.

The Contracting Officer to be contacted to collect all such tenders received. On collection the Contracting Officer should sign for receipt of each tender against each entry in the hardback book.

The Contracting Officer to contact Internal Audit or another Head of Service (or his representative) to witness the opening and recording of tenders

NB: If the Revenues Service receives any late tenders i.e. after the date and time informed by the Service then these should be recorded in the same way in the hardback book and the Contracting Officer contacted immediately.

Page 153: [7] Commented [OD16R15] Owers, David 09/05/22 10:34:00

I could run a report from the system that shows which bidders submitted a return. We do not force bidders to input a tender value as I wanted to keep the process as simple as possible for bidders as when I used this functionality at a previous role it caused more hassle than gave benefit - either by bidders writing the wrong numbers in or last minute phone calls from bidders asking for assistance. I could complete a form similar to the opening sheet if that's useful - I'd probably note the costs down anyway for my own purposes. The main burden with openings (that has now been removed) was arranging openings with multiple people. I could still complete a report and then, if it is felt to not be needed, this could be removed when we next review CSOs.

Page 153: [8] Commented [HNB117] Howard Bone 1 12/10/21 15:11:00

Promote up order so that e-procurement system is primary tool, then manual, etc.

Page 154: [9] Deleted Skeates, Simon 20/03/18 12:40:00

The Contracting Service should make clear in the advert/invitation to quote/tender to whom the quotation/tender should be returned. Where seeking tenders £100k or above this should be the Revenues Service and where below £100k the contracting Head of Service.

The Contracting Officer must ensure that either envelopes are provided with invitations to quote/tender and clearly marked "Quotation/Tender for (contract title)" or instruction is given in the advert/invitation to tender that envelopes are to be marked "Quotation/Tender for (Contract Title)".

The Contracting Officer should instruct post opening staff not to open envelopes clearly marked "Quotation" or "Tender" and to record the date, time and their initials on the unopened envelope

An officer should be authorised to receive the tenders from post opening staff, to maintain a record and keep unopened tenders in safe custody until the time for opening.

Tenders over £100k

The Contracting Service should inform the Revenues Service when expecting receipt of tenders (i.e. the date and time to be received by).

The Revenues Service to maintain a hardback book to record the date and time each tender received.

Upon receipt of each tender the Revenues Service to leave the envelope unopened and note the date and time received and their initials on the tender envelope and in the hardback book. If an envelope is opened (because it is not clearly identified as a tender) then the envelope should be resealed and signed across the seal by the officer who opened it. The fact that the tender was opened should also be recorded in the hardback book.

The Revenues Service to secure all tenders in a locked cupboard until the date and time for opening.

The Contracting Officer to be contacted to collect all such tenders received. On collection the Contracting Officer should sign for receipt of each tender against each entry in the hardback book.

The Contracting Officer to contact Internal Audit or another Head of Service (or his representative) to witness the opening and recording of tenders

NB: If the Revenues Service receives any late tenders i.e. after the date and time informed by the Service then these should be recorded in the same way in the hardback book and the Contracting Officer contacted immediately.

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210. Opening of Tenders

- 210.1 All tenders received by the deadline must be opened at the same time and place after the closing date and time for receipt stated in the invitation to tender.
- 20.2 The Head of the contracting service shall receive and arrange for the opening of tenders.
- 20.3 Tenders will be opened in the presence of the following persons only:
- (a) for tenders valued at £100,000 or over the Head of the contracting service or his/her nominee and an independent Head of Service or his/her nominee or representative from Internal Audit; or
 - (b) for tenders valued at £20,000 or over but below £100,000 , the Head of the contracting service or his/her nominee and one other officer appointed by the Head of Service.
- 20.4 A tender opening sheet must be completed. All those present at the opening of tenders shall sign the opening sheet/record, and in order to prevent any additions to the Record, the Contracting Officer shall sign and date it after the last tender opened. In respect of tenders valued at £100,000 or more the tender record shall be in a book kept for this purpose by Internal Audit.
- 210.5 No tender received after the deadline shall be considered for evaluation unless:-
- (a) no eligible tenders have been opened prior to receipt of the late tender; or
 - (b) the Head of Legal & Democratic Services is satisfied that there is evidence that the tender was hand delivered in time for receipt in the normal course of events, by the specified deadline

210.6 Any tender received after the specified date and time for receipt, and not meeting these criteria, must be returned promptly to the contractor.

21.7

Guidance - Submission, Receipt and Opening of Tenders/Quotations

Examples of suitable communication methods for requesting tenders include letter, facsimile, email or downloading from the Council's website.

A Standard tender opening sheet for paper tenders is provided in Appendix 1.

QUOTATION/TENDER OPENING SHEET

To be opened in the presence of:

£20,000 to £99,999 - the Head of the Contracting Service or his/her nominee & one other officer appointed by HOS

Nature of Procurement.....

File or Contract Reference.....

Estimated value of work.....

	Contractors name	Tendered amount	Date/time opened
1			
2			
3			
4			
5			
6			

NB: cross through any un-used lined before signing

Head of Service/Nominee.....
(post & signature)

Contracting Officer.....
(post & signature)

Officer appointed by Head of Service.....
 (post & signature)

Details of any late tenders (returned to Contractor)

Notes:

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APPENDIX 1B

TENDERS OPENING SHEET (£100,000 and above)

To be opened in the presence of the Head of the Contracting Service or his/her nominee & an independent Head of Service or representative from Internal Audit.

Nature of Procurement.....

File or Contract Reference.....

Estimated value of work.....

	Contractors name	Tendered amount	Date/time opened
1			
2			
3			
4			
5			
6			

NB: cross through any un-used lines before signing

Head of Service/Nominee.....
 (post & signature)

Independent Head of Service/Auditor.....
 (post & signature)

Contracting Officer.....
 (post & signature)

Details of any late tenders (returned to Contractor)

.....

Notes:

Delegations to Officers: Delegations to Chief Executive, Deputy Chief Executive and Heads of Services

- (1) To deal with matters relating to recruitment, selection and termination of employment, pay, employment benefits, training and development and other provisions relating to employees of the Council contained from time to time in the Council's Staffing Policies and Procedures documentation.
- (2) To enter into and sign contracts with public utilities, authorities or other bodies where such contracts are regarded as routine commercial matters authenticated by the signature of an officer of the utility, authority or body provided that the contract is within the sum allowed in the Council's estimates and/or Financial Regulations.
- (3) To authorise staff to attend meetings, seminars and conferences, including those arranged by the relevant professional associations.
- (4) To authorise officers to appear in the Courts.
- (5) To terminate employment in case of ill health/capability, in consultation with the Human Resources Manager.
- (6) To dismiss staff in accordance with the Council's disciplinary procedure.
- (7) In the absence of the Chief Executive, The Deputy Chief Executive, be authorised to exercise the powers and duties of the Chief Executive.
- (8) In the absence, incapacity or unavailability of the Chief Executive in circumstances where the post of Deputy Chief Executive remains vacant, the Head of Planning Policy and Economic Development in consultation with the s151 Officer and Monitoring Officer be authorised to exercise such powers as are delegated to the Chief Executive or Deputy Chief Executive as circumstances may reasonably require.
- (9) That the appropriate Heads of Service be delegated the authority to amend charges to reflect changes in VAT rates.
- (10) That the appropriate Head of Service be delegated authority to agree the introduction of a charge for a new Council activity, in consultation with the Head of Finance and Revenues.
- (11) That in the absence of any Head of Service, those matters delegated to that Head of Service be delegated to the Chief Executive or Deputy Chief Executive.
- (12) That Heads of Service may make arrangements for any functions delegated to them to be carried out by other officers in their name.
- (13) That the Chief Executive, Deputy Chief Executive and Heads of Service be authorised, in consultation with the Head of Finance and Revenues, the Monitoring Officer and the Leader, to settle complaints against the Council up to the amount of £1000 per complaint.

- (14) In consultation with the Human Resources Manager and the Head of Finance and Revenues, to make minor changes to the establishment within the approved budget. In the event that either the Human Resources Manager or the Head of Finance and Revenues is proposing the changes within his/her Service, consultation shall be with the Chief Executive and the Human Resources Manager or the Head of Finance and Revenues, whichever is not proposing the change.
- (15) That the holders of the following posts be authorised to act as the nominated consultee and to give consent on behalf of the Council to the Police under Part 3 and Chapter 3 of the Anti-Social Behaviour, Crime and Policing Act 2014:
- | | |
|-----------------|---|
| 50359085 | Chief Executive |
| 50360579 | Deputy Chief Executive |
| 50360846 | Head of Housing and Environmental Health |
- (16) To respond to routine operational consultations.
- (17) In consultation with the relevant Portfolio Holder, to respond to Government consultations.
- (18) To respond to partner consultations where service provision within the Borough may be affected.
- (19) [To take decisions and determine requests for review pursuant to nominations in respect of Assets of Community Value under the Localism Act 2011.](#)

ITEM 15 Amendments to the Council's Financial Procedure Rules

Report of the Democracy & Governance Portfolio Holder

Recommended:

That the changes to the Council's Financial Procedure Rules, as set out in the annex to the report, be approved.

Summary:

- The report presents an update to the Council's Financial Procedure Rules.

1 Introduction

- 1.1 The Financial Procedure Rules (FPR) form part of the Council's Constitution. In order to ensure that they remain up-to-date, it is necessary to review and update them periodically.
- 1.2 This report recommends some minor changes to the FPR.

2 Background

- 2.1 The FPR are contained with Part 4 of the Constitution and set out the framework within which the Council's financial affairs are managed.
- 2.2 This includes, for example, the roles and responsibilities of Members and Officers in approving budgets; monitoring income and expenditure; and establishing appropriate controls to ensure the safeguarding of Council assets.
- 2.3 The changes recommended in this report are a combination of updates to make the FPR more easily understood by those who need to use them and to reflect the changes in working practices that have occurred since they were last updated.
- 2.4 For example, paragraph E3.2(b)(x) stated that electronically submitted invoices should only be accepted upon the approval of the Head of Finance and Revenues. In recent years, it has become standard practice for many suppliers to submit invoices by email and controls are in place to ensure integrity in their processing and payment.
- 2.5 The FPR have also been updated to reflect the changes to the reporting responsibilities of committees of the Council following the establishment of the Audit Committee earlier in 2022.

- 2.6 Some sections of the FPR (Sections B3 (Policy Framework) and B4 (Budgeting)) were previously shown in section C and have been moved to help the flow of the document. This movement is shown in the tracked changes; however, there is very little in the way of substantive change to those sections.
- 2.7 Other changes include, adding clarity in the use of reserves to fund expenditure and the authority required for their use; changes to enable unbudgeted government grants to be spent on prescribed expenditure; and an update to some of the authority levels contained in the Schedule of Limits (Appendix 1 to the FPR) to reflect the results of a benchmarking exercise that has been undertaken with other local authorities in Hampshire.
- 2.8 The changes do not reflect a significant change to the FPR, reflecting the strong governance arrangements that already exist that have been supported by annual reports of the Council's external auditor, Ernst & Young, in recent years.

3 Options

- 3.1 There are three options:
- Approve the changes to the FPR shown in the annex to the report (recommended)
 - Not to make any changes to the FPR
 - Approve changes to the FPR other than those presented in the annex to the report

4 Option Appraisal

- 4.1 A working group of officers from the Legal & Democratic Service and Finance and Revenues, including both Heads of Service and senior staff from both services have reviewed the FPR.
- 4.2 This has been with a focus to ensure that they reflect current practice, are as user-friendly as possible and address reasonable operational constraints that have been raised by chief officers from time to time. Some examples of this are set out above in the background to the report.
- 4.3 A benchmarking exercise has also been undertaken to compare thresholds for budgetary authority across other Councils to ensure that the limits shown in the FPR are comparable with other similar local authorities.
- 4.4 The proposed changes are as a result of the above work and are recommended as the most appropriate at this time.
- 4.5 Not updating the FPR or making other changes would not be in line with the research undertaken in making the recommendations in this report and are therefore not recommended.

5 Risk Management

- 5.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

6 Finance and Resource Implications

6.1 There are no resource implications arising from this report.

7 Legal Implications and Statutory Authority

7.1 Section 151 Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs. Adopting a set of Financial Procedural Rules (and keeping them up to date) provides a clear framework to meet this statutory requirement, as well as contributing to having proper governance arrangements in place.

8 Equality Issues

8.1 There are no equality matters arising from this report.

9 Conclusion

9.1 The report presents a number of relatively minor changes to the Council's FPR that are required to ensure that they remain up-to date and relevant to day-to-day operations of the Council

9.2 It is recommended that the changes shown in the annex to the report be approved.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	N/A
(Portfolio: Democracy and Governance) Councillor I Jeffrey			
Officer:	Carl Whatley / Karen Dunn	Ext:	8540 / 8401
Report to:	Council	Date:	16 November 2022

Financial Procedure Rules

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A. GENERAL

A1. Applicability

Status of Financial Regulations

- A1.1 These regulations provide the framework for managing the Council's financial affairs and were approved by the Council as part of the Constitution; they replace all previous financial regulations and financial standing orders.
- A1.2 These regulations form the major part of the framework for controlling financial affairs within the Council. Other elements include Contract Standing Orders, Procurement Strategy, and the Member and Employee Codes of Conduct.
- A1.3 The Head of Finance and Revenues ~~and Revenues~~ will keep these regulations under review and will periodically submit any additions or changes to Council for approval.
- A1.4 For the purposes of these regulations the term "*Chief Officer*" shall refer to Chief Executive; Deputy Chief Executive, Heads of Service, and those authorised to act in their name.

A2. Compliance

Who must comply with these Regulations

- A2.1 All officers and members are responsible for complying with Financial Regulations. They also apply, unless the Head of Finance and Revenues directs otherwise, to contractors providing Council functions using Council assets, and others acting on the Council's behalf.
- A2.2 It is the responsibility of Chief Officers to ensure that all employees with financial responsibilities are made aware of and have access to these regulations.
- A2.3 Where the responsibility for making financial decisions has been delegated by Members or Chief Officers to other members of staff, a written record of the details of these delegations shall be maintained.
- A2.4 Failure of any officer to comply with these regulations may constitute misconduct or gross misconduct, depending on the circumstances, and may result in disciplinary action being taken in accordance with the Council's Disciplinary Procedure.
- A2.5 Failure of contractors to comply with these regulations may constitute a breach of contract and result in the contract being terminated.

Duty to report Non-Compliance

- A2.6 When an officer is aware of a breach of these regulations they have a duty to report it to the Head of Finance and Revenues. Any such report will be treated in the strictest confidence.
- A2.7 Any serious breaches of Financial Regulations will be reported by the Head of Finance and Revenues to the Cabinet and/or Council.

A3. Responsibilities

- A3.1 The Head of Finance and Revenues has been delegated the responsibility for the proper administration of the Council's financial affairs as required by section 151 of the Local Government Act 1972. To promote best financial practice within the Authority, the Head of Finance and Revenues may issue financial instructions at any time which must be complied with as if they were part of these regulations.
- A3.2 All officers and Members have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- A3.3 These Regulations are primarily concerned with the management and stewardship of the Council's resources; all legal issues such as the legality and powers to act, and terms and conditions of contracts and other agreements to protect the Council's interests, should be referred to the Head of Legal and Democratic Services who is the Council's Monitoring Officer.

A4. Distinctions between Revenue & Capital Income & Expenditure

- A4.1 Local authorities are required to account for revenue and capital items in different ways. The Head of Finance & Revenues is responsible for ensuring that all items of income and expenditure are properly classified as either revenue or capital and that they are accounted for in accordance with appropriate Codes of Accounting Practice.
- A4.2 Revenue expenditure represents the day-to-day running costs of the Council and includes costs such as salaries, premises costs, travel and supplies & services.
- A4.3 Capital expenditure is classified as being over £10,000 and spent on items that will have an estimated useful economic life of more than one year and be carried on the Council's Balance Sheet.

B. Financial Management

B1. Roles and Responsibilities - Members

Key roles and responsibilities are as follows:

B1.1 Full Council

- (i) To adopt the Council's Constitution, including codes of conduct, rules and regulations (such as these regulations) and the policy framework within which the Cabinet operates.
- (ii) To approve the Council's revenue budget, capital programme and the level of council tax for the succeeding financial year.
- (iii) To approve and monitor compliance with the Authority's overall framework of accountability and control.
- (iv) To monitor compliance with agreed policy and related Cabinet decisions.

B1.2 Cabinet

- (i) To propose the policy framework, budget and level of council tax for the succeeding financial year to the full Council and discharging executive functions in accordance with the policy framework and budget.
- (ii) To canvass the views of local stakeholders, as appropriate, prior to considering the budget for the succeeding financial year.
- (iii) To approve the fees and charges to be levied by the Authority for the services it provides.
- (iv) To establish protocols to ensure individual Cabinet members consult with relevant officers before taking a decision with his/her delegated authority. In doing so, the Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

B1.3 Overview & Scrutiny Committee

- (i) To be responsible for scrutinising Cabinet decisions and holding the Cabinet to account, including examining the budget proposals and budget strategy proposed by the Cabinet to full Council.
- (ii) To review general policy and service delivery and make recommendations for future policy.

B1.4 General Purposes Committee

- (i) To be responsible for the appointment, discipline and dismissal of Chief Officers (as defined in the Officer Employment Procedure Rules in Part 4), and appeals from other officers with a minimum of two year's service.
- (ii) To approve policies and procedures relating to staff including their conduct and terms and conditions.
- (iii) To approve local negotiations on salaries, wages and other employee-related matters.
- ~~(iv) To approve the Statement of Accounts.~~
- (v)(iv) To be responsible for promoting and maintaining high standards of conduct amongst Councillors and investigating complaints about their conduct.

B1.5 Audit Committee

- ~~(i) The Overview and Scrutiny Committee is currently charged with the responsibility of acting in the role of the Council's Audit Committee.~~
- ~~(i) The role of the Committee is to monitor the performance, review the plans and consider the conclusions and actions resulting from the work of external and internal audit. To set the Council's Internal Audit Plan each year, taking due consideration of the risks and resources available.~~
- ~~(ii) To consider the Internal Audit Manager's annual report and opinion, summary of Internal Audit activity undertaken and the level of assurance it can give over the Council's corporate governance arrangements.~~
- ~~(ii)(iii) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.~~
- ~~(iv) The Committee also examines the Council's arrangements for risk management. To monitor the effective development and operation of risk management and corporate governance in the Council.~~
- ~~(v) To monitor policies on whistleblowing and anti-fraud / anti-corruption strategies as well as the Council's complaints' process.~~
- ~~(vi) To approve the annual Statement of Accounts and consider the auditor's report on issues arising from the audit of the accounts.~~
- ~~(iii)~~

B2. Roles and Responsibilities - Officers

Key roles and responsibilities are as follows:

B2.1 Chief Executive (Head of Paid Service)

- (i) Corporate and strategic management of the Authority.
- (ii) Monitoring the performance of the organisation.
- (iii) Overall responsibility for providing information to the Council and its Committees and recording decisions made by them.

B2.2 Head of Legal and Democratic Services (Monitoring Officer)

- (i) Maintaining an up to date constitution.
- (ii) Reporting actual or potential breaches of the law or maladministration to the Council after consultation with the Chief Executive and Head of Finance and Revenues.
- (iii) Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Councillors.

- (iv) Together with the Head of Finance and Revenues responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget.
- (v) Promoting and encouraging high standards of behaviour in Council business.

B2.3 Head of Finance and Revenues (Chief Financial Officer)

The Head of Finance and Revenues has statutory duties which 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 2015 including subsequent amendments

The Head of Finance and Revenues is the Council's financial and economic advisor and is responsible for:

- (i) the proper administration of the Authority's financial affairs.
- (ii) setting and monitoring compliance with financial management standards.
- (iii) ensuring proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of all finance staff.
- (iv) keeping the Council, Cabinet and other Committees (as required) informed with respect to the Council's finances and financial performance.
- (v) advising on the key financial controls necessary to secure sound financial management.
- (vi) providing accurate and timely financial information.
- (vii) preparing the revenue budget and capital programme for each financial year.
- (viii) treasury management.

Section 114 of the Local Government Finance Act 1988 requires the Head of Finance and Revenues to report to the full Council, Cabinet 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 Head of Finance and Revenues to nominate a properly qualified member of staff to deputise should he be unable to perform the duties under section 114 personally; and
- the Authority to provide the Head of Finance and Revenues with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

B2.4 Chief Officers

Chief Officers are responsible for:

- (i) ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Head of Finance and Revenues.
- (ii) consulting with the Head of Finance and Revenues and seeking approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.
- (iii) promoting the financial management standards set by the Head of Finance and Revenues in their services and monitoring adherence to those standards and practices, liaising as necessary with the Head of Finance and Revenues.
- (iv) promoting sound financial practices in relation to the standards, performance and development of staff within their services.

B3. Policy Framework

The full Council is responsible for approving the policy framework and budget. The policy framework includes the following statutory plans and strategies:

- corporate plan;
- capital programme;
- capital strategy; and
- treasury management policy statement.

In terms of financial planning, the key elements are:

- the corporate plan;
- the budget;
- the Medium Term Financial Strategy; and
- the capital programme.

The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework. Decisions should be referred to the full Council by the Monitoring Officer.

The full Council is responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another. The Cabinet 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 Corporate Plan

The Chief Executive is responsible for proposing the corporate plan to the Cabinet for consideration before its submission to the full Council for approval.

B4. Budgeting

B4.1 Format

The format of the budget determines the level of detail to which financial control and management will be exercised and must comply with legal requirements and CIPFA recommended best practice, and reflect the accountabilities of service delivery.

The Head of Finance and Revenues has the responsibility to advise the Cabinet on the format of the budget that is approved by the full Council.

Chief Officers are responsible for complying with accounting guidance provided by the Head of Finance and Revenues.

B4.2 Revenue budget preparation, monitoring and control

General

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. 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, broken down into a level of detail agreed by the Head of Finance and Revenues.

Expenditure within the provision of the estimates may be incurred without further reference to the Council by:

(a) the Cabinet acting under delegated powers; or

(b) a Chief Officer acting under delegated powers.

The inclusion of items in approved revenue estimates or the approved years of the capital programme shall constitute authority to incur such expenditure save to the extent to which the Cabinet, acting for the Council, shall have placed a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when and to the extent that such reservation has been removed.

The Head of Environmental Services has delegated authority to incur appropriate expenditure outside of their budget where they have successfully tendered for work from other public bodies subject to fulfilling the requirements of that delegated authority.

Urgent or Emergency Action

Expenditure outside the provision of revenue estimates may be incurred without further reference to the Cabinet by a Chief Officer, in consultation with the Head of Finance and Revenues, on any necessary or emergency actions.

The Chief Executive, in consultation with the Leader, also has powers under the Council's constitution to take action in emergency and urgent situations and has alone the authority to act in the event of a civil emergency.

Responsibilities

(a) Cabinet

- (i) To monitor and regulate the Council's financial performance during the currency of each estimate period.
- (ii) To consider and approve any proposal to add, delete or make a material modification to a project in the Capital Programme up to the amount shown in Appendix 1.
- (iii) To approve expenditure outside the provision of revenue estimates where no equivalent savings are possible up to the limit shown in Appendix 1.
- (iv) To approve any expenditure incurred which is essential to meet any immediate needs created by a sudden emergency or which is referable to the Civil Contingencies Act 2004 as amended.
- (v) To receive and consider reports annually from the Head of Finance and Revenues comparing actual and estimated revenue income and expenditure for the previous financial year including an explanation of significant variances between the two and details of capital expenditure in the previous financial year and resources utilised to meet that expenditure.

(b) Head of Finance and Revenues

- (i) To establish an appropriate framework of budgetary management and control that ensures that:
 - i. budget management is exercised within annual cash limits unless the full Council agrees otherwise.
 - ii. 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.
 - iii. expenditure is committed only against an approved budget head.
 - iv. all officers responsible for committing expenditure comply with relevant guidance, and these Financial Regulations.
 - v. 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.

vi. significant variances from approved budgets are investigated and reported by budget managers regularly.

vii. regular reports are prepared and submitted to the Cabinet on each service's projected expenditure compared with its budget, in consultation with the relevant Chief Officer.

(ii) To administer the Authority's scheme of virement.

(iii) To submit reports to the Cabinet 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/her control.

(iv) To prepare and submit reports on the Authority's projected income and expenditure compared with the budget on a regular basis.

(v) To approve urgent and unforeseen items of expenditure up to a limit of the amount shown in Appendix 1 and will ensure that such actions shall be reported to a subsequent meeting of the Cabinet.

(vi) To provide a statement to the Cabinet as soon as practicable after 31st March each year setting out a comparison of the Council's actual and estimated income and expenditure and explanations of variances between the two for the preceding financial year.

(c) Chief Officers

(i) To maintain budgetary control within their services, in adherence to the principles outlined above.

(ii) Where it appears that the amount of approved expenditure estimate may be materially exceeded or the amount of approved income estimate may not be reached, to consult with the Head of Finance and Revenues and as required by the Head of Finance and Revenues, to inform the Cabinet.

(iii) 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.

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

(v) 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.

(vi) To ensure prior approval by the full Council or Cabinet (as appropriate) for new proposals of whatever amount that:

- create financial commitments in future years;
- change existing policies, initiate new policies or cease existing policies;
- materially extend or reduce the Authority's services.

The report on these proposals must fully explain the financial implications following consultation with the Head of Finance and Revenues. Unless the full Council or Cabinet agrees otherwise, Chief Officers must plan to contain the financial implications of such proposals within their cash limit.

(vii) To ensure compliance with the scheme of virement.

(viii) 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.

B4.3 Budgets and medium-term planning

The budget is the financial expression of the Authority's plans and policies. The revenue budget must ensure that the resource allocation properly reflects the Council's Corporate Plan, Corporate Action Plan projects and service plans. 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 the Authority to budget for a deficit.

To enable the Authority to prepare for events in advance, a rolling three-year medium term forecast is produced based on known and anticipated changes in the Authority's finances over that period.

Responsibilities

(a) Head of Finance and Revenues

- (i) To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects where appropriate.
- (ii) To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by full Council and after consultation with the Cabinet and Chief Officers.
- (iii) To prepare and submit reports to the Cabinet on the aggregate spending plans of services and on the resources available to fund them, identifying where appropriate, the implications for the level of council tax to be levied.
- (iv) To advise on the medium-term implications of spending decisions.
- (v) 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.

(vi) To advise the full Council on Cabinet proposals in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.

(b) Chief Officers

(i) To prepare estimates of income and expenditure, in consultation with the Head of Finance and Revenues, to be submitted to the Cabinet in accordance with timescales determined by the Head of Finance and Revenues.

(ii) To prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle as prescribed by the Head of Finance and Revenues.

(iii) To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

(iv) In consultation with the Head of Finance and Revenues and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Cabinet.

(v) When drawing up draft budget requirements, to have regard to:

- available resources;
- medium-term planning prospects;
- legal requirements;
- spending patterns and pressures revealed through the budget monitoring process;
- policy requirements as defined by the full Council in the approved policy framework;
- initiatives already under way.

B4.4 Resource Allocation

It is necessary to carefully prioritise needs and ensure that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Responsibilities

(a) Head of Finance and Revenues

(i) To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

(ii) To assist in the allocation of resources to budget managers.

(b) Chief Officers

(i) To work within budget limits and to utilise resources allocated, and further allocate resources in the most efficient, effective and economic way.

(ii) To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

B4.5 Capital programmes

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.

Responsibilities

(a) Head of Finance and Revenues

(i) To prepare estimates jointly with Chief Officers and report them to the Cabinet for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the full Council.

(ii) To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.

(iii) To provide a statement to the Cabinet as soon as practicable after the 31st March each year detailing actual capital expenditure for the preceding financial year and resources utilised to meet that expenditure.

(iv) To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of "capital" will be determined by the Head of Finance and Revenues, having regard to government regulations.

(v) To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the amount specified in Appendix 1.

(b) Chief Officers

(i) To comply with guidance concerning capital schemes and controls issued by the Head of Finance and Revenues.

(ii) To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Head of Finance and Revenues.

- (iii) To review regular reports prepared by the Head of Finance & Revenues on the progress of capital programme provisions for their services. They should also prepare summaries of estimated final costs of schemes in the approved capital programme as required by the Head of Finance & Revenues.
- (iv) To ensure that adequate records are maintained for all capital contracts.
- (v) To proceed with projects only where there is adequate provision in the capital programme.
- (vi) To prepare and submit reports, jointly with the Head of Finance and Revenues, to the Cabinet, where the expenditure for an individual scheme is estimated to exceed the capital programme provision, or on completion of the scheme the final expenditure actually exceeds the approved provision, by more than the limit shown in Appendix 1.
- (vii) To ensure that credit arrangements, such as leasing arrangements, are arranged through the Head of Finance and Revenues or are not entered into without the prior approval of the Head of Finance and Revenues and, if applicable, approval of the scheme through the capital programme.

B4.6 Maintenance of Reserves

Reserves are maintained as a matter of prudence and the Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax.

Reserves are held for three purposes:

- To provide for unexpected events and thereby protect it from overspending, should such events occur.
- For specific purposes, such as the purchase or renewal of capital items or to enable carry forward of external funding / government grants between financial years.
- To build capacity for known future obligations / aspirations where there is expected to be a funding shortfall

Reserves are maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.

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

The Head of Finance and Revenues will advise the full Council on prudent levels of reserves for the Authority ahead of setting the budget for each financial year, and take account of the advice of the external auditor in this matter.

Chief Officers are responsible for ensuring that reserves are used only for the purposes for which they were intended.

CB3. Managing Expenditure

B3.C1 Scheme of Virement

B3C1.1.4 What is a virement?

The scheme of virement is intended to enable the Cabinet, Chief Officers and their staff to manage their budgets with a degree of flexibility within the overall policy framework determined by the full Council, and therefore to optimise the use of resources.

Virement is defined as the switching of resources between approved estimates or heads of expenditure. In practice this means a transfer of budgets between services and/or within a service between cost centres and/or between different types of expenditure at CIPFA Group Code level (i.e. salary related expenditure, supplies and services, etc.).

CB3.1.2 How does the scheme work?

The scheme is administered by the Head of Finance and Revenues within guidelines set by full Council. Any variation from the scheme requires the approval of full Council.

The overall budget is ~~recommended~~ agreed by the Cabinet ~~and approved by to~~ full Council ~~for approval~~. Chief Officers and budget holders are ~~therefore~~ authorised to incur expenditure in accordance with the estimates that make up the budget, subject to individual levels of authority relevant to their role.

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

CB3.1.3 Thresholds

The authority required for approving virements depends on the amount of virement as shown in Appendix 1. In each case the Head of Finance and Revenues should be informed as to the amount of the virement using the appropriate form and that form should be certified by the Chief Officer concerned and, where necessary, the Head of Finance and Revenues. Where any virement proposed requires Cabinet or the Finance and Resources Portfolio Holder approval a joint report will be prepared by the Chief Officer concerned and the Head of Finance and Revenues seeking that approval. The report shall specify the proposed expenditure and source of funding and explain the implications in the current and future financial year.

Where a virement is proposed between budgets managed by different Chief Officers and the value of that virement requires the approval of the Cabinet or the Finance and Resources Portfolio Holder a report will be prepared jointly by the Chief Officers concerned and the Head of Finance and Revenues seeking approval.

B3.C1.4 General

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.

All budget virement journals must be appropriately authorised and contain a narrative that explains the reason for the virement.

No virement relating to a specific financial year should be made after 31 March in that year.

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. [The Head of Finance and Revenues has authority to re-allocate such sums to the full amount that was budgeted.](#)

CB3.2 Treatment of Year-End Balances

These rules cover the arrangements for the transfer of resources between accounting years, i.e. carry-forwards. For the purposes of this scheme, a budget heading refers to a group code level within a cost centre.

The Head of Finance and Revenues will administer year-end balances in accordance with guidelines approved by full Council and will report all over- and under-spending on service estimates carried forward to the Cabinet and to the full Council.

Net underspendings on service estimates under the control of the Chief Officer may be carried forward subject to reporting to the Cabinet the source of underspending or additional income and the proposed application of those resources.

CB3.3 Accounting Policies

The Head of Finance and Revenues is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practice as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) for each financial year ending 31 March.

The Head of Finance and Revenues is responsible for selecting suitable accounting policies and ensuring that these are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year.

All Chief Officers are required to adhere to the accounting policies and guidelines approved by the Head of Finance and Revenues.

B3.C4 Accounting Records and Returns

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 give a true and fair view of its operations during the year. These are subject to external audit. The 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.

Responsibilities

(a) Head of Finance and Revenues

- (i) To determine the accounting procedures and records for the Authority. Where these are maintained outside the Finance [and Revenues](#) Service,

the Head of Finance and Revenues should consult the Chief Officer concerned.

- (ii) To arrange for the compilation of all accounts and accounting records under his/her direction.
 - (iii) To comply with the following principles when allocating accounting duties:
 - (a) separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them; and
 - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
 - (iv) To make proper arrangements for the audit of the Authority's accounts in accordance with the Accounts and Audit Regulations 2015 and any subsequent amendments to these.
 - (v) To ensure that all claims for funds including grants are made by the due date.
 - (vi) 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 [General Purposes Audit](#) Committee to approve the Statement of Accounts.
 - (vii) To administer the Authority's arrangements for under- and overspendings to be carried forward to the following financial year.
 - (viii) To ensure the proper retention of financial documents in accordance with the requirements set out in the Authority's document retention policy.
- (b) Chief Officers
- (i) To consult the Head of Finance and Revenues before making any changes to accounting records and procedures.
 - (ii) To comply with the principles of separation of duties outlined above (paragraph [B3.C4](#) (a) (iii)).
 - (iii) To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
 - (iv) To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Head of Finance and Revenues.

[B3.C5](#) The Statement of Accounts

The Authority has a statutory responsibility to prepare its own accounts to give a true and fair view of its operations during the year. The full Council, or any Committee

nominated by the Council, is responsible for approving the statutory annual Statement of Accounts.

Responsibilities

(a) Head of Finance and Revenues

- (i) To select suitable accounting policies and apply them consistently.
- (ii) To make judgements and estimates that are reasonable and prudent.
- (iii) To comply with the Code of Practice on Local Authority Accounting in the United Kingdom.
- (iv) To sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March.
- (v) To draw up the timetable for the final accounts preparation and to advise staff and external auditors accordingly. This timetable should ensure that the accounts are prepared in time for approval within the statutory deadline.

(b) Chief Officers

Chief Officers are responsible for ensuring that they comply with accounting guidance provided by the Head of Finance and Revenues and that they supply the Head of Finance and Revenues with information when required.

C. — Financial Planning

~~The full Council is responsible for approving the policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:~~

~~the corporate plan;~~

~~the budget;~~

~~the Medium Term Financial Strategy; and~~

~~the capital programme.~~

C1. — Policy Framework

~~— The full Council is responsible for approving the policy framework and budget. The policy framework includes the following statutory plans and strategies:~~

~~corporate plan;~~

~~capital programme;~~

~~capital strategy; and~~

~~treasury management policy statement.~~

~~———The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to the full Council by the Monitoring Officer.~~

~~———The full Council is responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another. The Cabinet 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 Corporate Plan

~~———The Chief Executive is responsible for proposing the corporate plan to the Cabinet for consideration before its submission to the full Council for approval.~~

C2. — Performance Management

~~———The Council publishes corporate indicators to measure performance against its Corporate Plan.~~

Responsibilities

(a) — Head of Finance and Revenues

~~(i) — To contribute to the development of corporate and service targets and objectives and performance information.~~

Chief Officers

~~To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.~~

~~(ii) — To ensure performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.~~

C3. — Budgeting

C3.1 — Format

~~———The format of the budget determines the level of detail to which financial control and management will be exercised and must comply with legal requirements and CIPFA recommended best practice, and reflect the accountabilities of service delivery.~~

~~———The Head of Finance and Revenues has the responsibility to advise the Cabinet on the format of the budget that is approved by the full Council.~~

~~———Chief Officers are responsible for complying with accounting guidance provided by the Head of Finance and Revenues.~~

C3.2 — Revenue budget preparation, monitoring and control

General

~~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. 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, broken down into a level of detail agreed by the Head of Finance and Revenues.~~

~~Expenditure within the provision of the estimates may be incurred without further reference to the Council by:~~

~~the Cabinet acting under delegated powers; or~~

~~a Chief Officer acting under delegated powers.~~

~~The inclusion of items in approved revenue estimates or the approved years of the capital programme shall constitute authority to incur such expenditure save to the extent to which the Cabinet, acting for the Council, shall have placed a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when and to the extent that such reservation has been removed.~~

~~The Head of Environmental Services has delegated authority to incur appropriate expenditure outside of his budget where he has successfully tendered for work from other public bodies subject to fulfilling the requirements of that delegated authority.~~

Urgent or Emergency Action

~~Expenditure outside the provision of revenue estimates may be incurred without further reference to the Cabinet by a Chief Officer, in consultation with the Head of Finance and Revenues, on any necessary or emergency actions subject to the requirements of paragraph 3.2 (b) (v) below.~~

~~The Chief Executive, in consultation with the Leader, also has powers under the Council's constitution to take action in emergency and urgent situations and has alone the authority to act in the event of a civil emergency.~~

ResponsibilitiesCabinet

~~To monitor and regulate the Council's financial performance during the currency of each estimate period.~~

~~(ii) To consider and approve any proposal to add, delete or make a material modification to a project in the Capital Programme up to the amount shown in Appendix 1.~~

~~(iii) To approve expenditure outside the provision of revenue estimates where no equivalent savings are possible up to the limit shown in Appendix 1.~~

~~(iv) To approve any expenditure incurred which is essential to meet any immediate needs created by a sudden emergency or which is referable to the Civil Contingencies Act 2004 as amended.~~

~~(v) — To receive and consider reports annually from the Head of Finance and Revenues comparing actual and estimated revenue income and expenditure for the previous financial year including an explanation of significant variances between the two and details of capital expenditure in the previous financial year and resources utilised to meet that expenditure.~~

~~(b) — Head of Finance and Revenues~~

~~(i) — To establish an appropriate framework of budgetary management and control that ensures that:~~

~~budget management is exercised within annual cash limits unless the full Council agrees otherwise.~~

~~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.~~

~~expenditure is committed only against an approved budget head.~~

~~all officers responsible for committing expenditure comply with relevant guidance, and these Financial Regulations.~~

~~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.~~

~~significant variances from approved budgets are investigated and reported by budget managers regularly.~~

~~regular reports are prepared and submitted to the Cabinet on each service's projected expenditure compared with its budget, in consultation with the relevant Chief Officer.~~

~~To administer the Authority's scheme of virement.~~

~~To submit reports to the Cabinet 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/her control.~~

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

~~To approve urgent and unforeseen items of expenditure up to a limit of the amount shown in Appendix 1 and will ensure that such actions shall be reported to a subsequent meeting of the Cabinet.~~

~~To provide a statement to the Cabinet by 30 June each year setting out a comparison of the Council's actual and estimated income and expenditure and explanations of variances between the two for the preceding financial year.~~

~~—— (c) — Chief Officers~~

~~To maintain budgetary control within their services, in adherence to the principles outlined above.~~

~~(ii) — Where it appears that the amount of any approved expenditure estimate may be exceeded or the amount of any approved income estimate may not be reached, it shall be the duty of the Chief Officer concerned, after consultation with the Head of Finance and Revenues or as required by the Head of Finance and Revenues, to inform the Cabinet.~~

~~(iii) — 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.~~

~~(iv) — 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.~~

~~(v) — 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.~~

~~(vi) — To ensure prior approval by the full Council or Cabinet (as appropriate) for new proposals of whatever amount that:~~

~~create financial commitments in future years;~~

~~change existing policies, initiate new policies or cease existing policies;~~

~~materially extend or reduce the Authority's services.~~

~~The report on these proposals must fully explain the financial implications following consultation with the Head of Finance and Revenues. Unless the full Council or Cabinet agrees otherwise, Chief Officers must plan to contain the financial implications of such proposals within their cash limit.~~

~~(vii) — To ensure compliance with the scheme of virement.~~

~~(viii) — 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.~~

~~C3.3 Budgets and medium term planning~~

~~—— The budget is the financial expression of the Authority's plans and policies. The revenue budget must ensure that the 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 the Authority to budget for a deficit.~~

~~—— To enable the Authority to prepare for events in advance, a rolling three-year medium term forecast is produced based on known and anticipated changes in the Authority's finances over that period.~~

~~—— Responsibilities~~

~~—— (a) Head of Finance and Revenues~~

~~(i) — To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects where appropriate.~~

~~(ii) — To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by full Council and after consultation with the Cabinet and Chief Officers.~~

~~(iii) — To prepare and submit reports to the Cabinet on the aggregate spending plans of services and on the resources available to fund them, identifying where appropriate, the implications for the level of council tax to be levied.~~

~~(iv) — To advise on the medium-term implications of spending decisions.~~

~~(v) — 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.~~

~~(vi) — To advise the full Council on Cabinet proposals in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.~~

~~(b) — Chief Officers~~

~~(i) — To prepare estimates of income and expenditure, in consultation with the Head of Finance and Revenues, to be submitted to the Cabinet in accordance with timescales determined by the Head of Finance and Revenues.~~

~~(ii) — To prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle and with guidelines issued by the Cabinet. The format should be prescribed by the Head of Finance and Revenues in accordance with the full Council's general directions.~~

~~(iii) — To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.~~

~~(iv) — In consultation with the Head of Finance and Revenues and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Cabinet.~~

~~When drawing up draft budget requirements, to have regard to:~~

~~available resources;~~

~~medium-term planning prospects;~~

~~legal requirements;~~

~~spending patterns and pressures revealed through the budget monitoring process;~~

~~policy requirements as defined by the full Council in the approved policy framework;~~

~~initiatives already under way.~~

C3.4 Resource Allocation

~~It is necessary to carefully prioritise needs and ensure that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.~~

~~Responsibilities~~~~Head of Finance and Revenues~~

~~To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.~~

~~(ii) To assist in the allocation of resources to budget managers.~~

~~(b) Chief Officers~~

~~To work within budget limits and to utilise resources allocated, and further allocate resources in the most efficient, effective and economic way.~~

~~To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.~~

C3.5 Capital programmes

~~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.~~

Responsibilities~~(a) Head of Finance and Revenues~~

~~(i) To prepare estimates jointly with Chief Officers and report them to the Cabinet for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the full Council. Cabinet approval is required where a Chief Officer proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme.~~

~~(ii) To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.~~

~~(iii) To provide a statement to the Cabinet by 30 June each year detailing actual capital expenditure for the preceding financial year and resources utilised to meet that expenditure.~~

~~(iv) To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of "capital" will be determined by the Head of Finance and Revenues, having regard to government regulations.~~

~~(v) To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the amount specified in Appendix 1.~~

~~———— (b) ——— Chief Officers~~

~~(i) ——— To comply with guidance concerning capital schemes and controls issued by the Head of Finance and Revenues.~~

~~To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Head of Finance and Revenues.~~

~~(iii) ——— 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.~~

~~(iv) ——— To ensure that adequate records are maintained for all capital contracts.~~

~~(v) ——— To proceed with projects only where there is adequate provision in the capital programme and with the agreement of the Head of Finance and Revenues, where required.~~

~~To prepare and submit reports, jointly with the Head of Finance and Revenues, to the Cabinet, where the expenditure for an individual scheme is estimated to exceed the capital programme provision, or on completion of the scheme the final expenditure actually exceeds the approved provision, by more than the limit shown in Appendix 1.~~

~~To ensure that credit arrangements, such as leasing arrangements, are arranged through the Head of Finance and Revenues or are not entered into without the prior approval of the Head of Finance and Revenues and, if applicable, approval of the scheme through the capital programme.~~

~~C3.6 ——— Maintenance of Reserves~~

~~———— Reserves are maintained as a matter of prudence and the Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. 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.~~

~~———— Reserves are maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.~~

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

~~———— Authorisation and expenditure from reserves shall be by the appropriate Chief Officer in consultation with the Head of Finance and Revenues.~~

~~———— The Head of Finance and Revenues will advise the full Council on prudent levels of reserves for the Authority, and take account of the advice of the external auditor in this matter.~~

~~———— Chief Officers are responsible for ensuring that the resources are used only for the purposes for which they were intended.~~

D. Risk Management and Control of Resources

D.1 Risk Management

D1.1 Definition

Risk is defined as 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. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending establishing and implementing the action which needs to be taken to control these risks effectively.

D1.2 Responsibilities

(a) Cabinet Audit Committee

(i) To recommend to Council the Authority's risk management strategy and to promote a culture of risk management awareness throughout the Authority.

~~(i)~~(ii) To monitor the effective development and operation of risk management and corporate governance in the Council.

(b) Head of Finance and Revenues

(i) To prepare and promote the Authority's risk management ~~policy statement~~strategy.

(ii) To develop risk management controls in conjunction with other Chief Officers.

(iii) To include all appropriate employees of the Authority in a suitable fidelity guarantee insurance.

~~(iv)~~ ~~(iv)~~—To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

(c) Chief Officers

(i) To notify the Head of Finance and Revenues immediately of any loss, potential liability or damage that may lead to a claim against the Authority, together with any information or explanation required by the Head of Finance and Revenues or the Authority's insurers.

(ii) To take responsibility for risk management in their Service, including maintaining an up-to-date Service risk register, having regard to advice from the Head of Finance and Revenues and other specialist officers e.g. health and safety and comply with the Risk Management Strategy.

(iii) To ensure business continuity plans and arrangements are in place in the event of disaster resulting in serious loss or damage to resources.

- (iv) To ensure that there are regular reviews of risks within their services and action taken to reduce those risks and/or manage any retained risk.
- (v) To notify the Head of Finance and Revenues promptly of all new risks, properties or vehicles that require insurance, and of any alterations affecting existing insurances.
- (vi) To consult the Head of Finance and Revenues and Head of Legal and Democratic Services on the terms of any indemnity that the Authority is requested to give.
- (vii) 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.

D2 Internal Controls

The Authority is a large and complex organisation and therefore requires internal controls to manage and monitor progress towards its strategic objectives and to identify, meet and monitor compliance with its statutory obligations.

Internal controls are necessary to manage the wide range of financial, administrative and commercial risks facing the Authority.

D2.1 Responsibilities

(a) Head of Finance and Revenues

- (i) 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.
- (ii) To prepare an annual statement on the effectiveness of internal controls within the Authority's Annual Governance Statement.

(b) Chief Officers

- (i) 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.
- (ii) To review existing controls in the light of changes affecting the Authority [or as working patterns inherent in the operation of controls \(such as a move to home-working\)](#) and to establish and implement new ones in line with guidance from the Head of Finance and Revenues. Chief Officers should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- (iii) To ensure that staff have a clear understanding of the consequences of lack of control.

D3 Audit Requirements

INTERNAL AUDIT

D3.1 Legal Requirement

The Local Government Act 1972 section 151 requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 section 6 more specifically require that a “relevant body must undertake an adequate and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

D3.2 Role of Internal Audit

Internal Audit is an independent and objective [appraisal-assurance and consulting](#) function established by the Authority for reviewing the system of internal control [and designed to add value and improve the Council's operations](#). It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

To ensure that Internal Audit can meet its objectives it is essential that:

- it is independent in its planning and operation.
- the Audit staff have direct access to the Chief Executive, all levels of management and directly to elected Members.
- the internal auditors comply with the “UK Public Sector Internal Audit Standards”, as these are considered “proper internal audit practices”.

D3.3 Powers of Internal Audit

Internal Audit reports directly to the Head of Finance and Revenues and has the authority to:

- (a) access the premises and land of the Authority at all times.
- (b) access all assets, records, documents, correspondence and control systems in whatever form they are held.
- (c) receive any information and explanation considered necessary concerning any matter under consideration within a timescale set by the Head of Finance and Revenues.
- (d) require any employee of the Authority to produce and account for cash, stores or any other asset of the Authority under his or her control.
- (e) remove and provide safe custody for books, records, vouchers, equipment or any other materials required as part of an audit investigation.
- (f) access records belonging to third parties, such as contractors, when required.

- (g) directly access the Chief Executive, [Monitoring Officer](#), the Cabinet and the Audit Committee.

D3.4 Responsibilities

(a) Audit Committee

Audit Plans, progress and significant areas of concern will be reported to the Council's Audit Committee for consideration and that Committee will be responsible for monitoring the performance of the internal audit function.

The Committee has the authority to:

- (i) investigate any activity within its terms of reference.
- (ii) seek any information that it requires from ~~any employee of the Authority, and all employees are directed to co-operate with any request made by the Committee.~~ [the Head of Finance & Revenues, including](#) obtaining legal or professional advice, [subject to there being sufficient budget for the proposed advice.](#)

(b) Head of Finance and Revenues (as line manager for Internal Audit)

- (i) To ~~approve~~ [recommend](#) the strategic and annual audit plans prepared by the Audit staff, which are based on an objective assessment of the risk of the activities of the Authority, [to the Audit Committee for approval.](#)
- (ii) To ensure that there are effective procedures in place to investigate promptly any [alleged](#) fraud or irregularity.
- (iii) Following an investigation, to report to Chief Officers any loss which may have occurred as a result of waste, extravagance or maladministration within their service.
- (iv) Where, following an investigation, there are reasonable grounds for suspecting that a loss may have occurred as a result of misappropriation, irregular expenditure or fraud, to determine with the Chief Executive and/or the Head of Legal and Democratic Services whether the matter should be referred to the Police as per the Council's Anti-Fraud and Corruption Policy. The Head of Finance and Revenues will also keep the appropriate Council Members informed as required by that Policy.

(c) Chief Officers

- (i) To ensure that internal auditors are given access at all reasonable times to premises, personnel, [electronic systems](#), documents and assets that the auditors consider necessary for the purposes of their work.
- (ii) To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

- (iii) To ensure that they consider and respond promptly to action points raised in audit reports and implement agreed actions within agreed timescales.
- ~~(iv)~~(v) To ensure that they notify the Head of Finance and Revenues or Internal Audit 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.
- (v) In all cases of suspected irregularities, to ensure that ~~the Chief Officer concerned~~, in consultation with the Head of Finance and Revenues or the Internal Audit ~~Partnership~~ Manager, shall report the matter to the Chief Executive, Human Resources Manager and the Deputy Chief Executive so that any possible breach of internal discipline may be dealt with by the Chief Officer in accordance with the agreed procedure.
- (vi) To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed with the Internal Audit ~~Partnership~~ Manager prior to implementation.

(vii) Promote whistle-blowing policies to staff

(d) All Employees

Where any member of staff suspects any fraud or irregularities affecting income, expenditure, cash, stores or any other resources of the Council, or suspects any irregularity in the exercise of the functions of the Authority, they have a duty to immediately notify the Head of Finance and Revenues or the Internal Audit ~~Partnership~~ Manager, either directly or through their immediate supervisor, manager, or by reporting the matter to Internal Audit staff, in order that an independent investigation may be undertaken.

EXTERNAL AUDIT

D3.5 Legal Requirement

The Local Audit and Accountability Act 2014 requires the Council to have external auditors. The external auditors have right of access to all documents and information necessary for audit purposes.

The external auditors follow a code of practice prepared by the Comptroller and Auditor General and their statutory responsibilities are set out in National Audit Codes of Practice: The primary focus of the auditors is:

- (a) to be satisfied that the accounts comply with the requirements of the enactments that apply to them;
- (b) to be satisfied that proper practices have been observed in the preparation of the statement of accounts and that the statement presents a true and fair view and

- (c) to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

(d) that the use of the Going Concern basis of accounting is appropriate

From time to time the Authority may be subject to audit, inspection or investigation by other external bodies who have statutory rights of access, such as HM Revenue and Customs.

D3.6 Responsibilities

(a) Head of Finance and Revenues

- (i) To ensure that external auditors and inspectors are given access at all reasonable times to premises, personnel, electronic systems, documents and assets that they consider necessary for the purposes of their work.
- (ii) To ensure that there is effective liaison between external and internal audit.
- (iii) To work with the external auditor and advise the full Council, Cabinet Audit Committee and Chief Officers on their responsibilities in relation to external audit.

(b) Chief Officers

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

D4 **Preventing Fraud and Corruption**

D4.1 Anti-Fraud Culture

The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.

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 (see Anti-Fraud and Corruption Policy for more information on the responsibilities of Members and officers for fraud prevention and detection).

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

D4.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To develop and maintain an Anti-Fraud and Corruption Policy.

- (ii) To maintain adequate and effective internal control arrangements.
 - (iii) To ensure that all suspected irregularities are reported to the Internal Audit ~~Partnership~~ Manager, Chief Executive and appropriate Council Members (as required by the Anti-Fraud and Corruption Policy).
- (b) Chief Officers
- (i) To ensure that all suspected irregularities are reported to the Head of Finance and Revenues or the Internal Audit ~~Partnership~~ Manager.
 - (ii) To instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
 - (iii) To ensure that where the potential for or probability of financial impropriety is discovered, the Head of Finance and Revenues is informed. Where sufficient evidence exists to believe that a criminal offence may have been committed, the Police should be involved to determine with the Crown Prosecution Service whether any prosecutions will take place (refer to the Anti-Fraud and Corruption Policy as to the procedure for informing the Police).
 - (iv) To maintain a service register of interests and a register for gifts and hospitality for officers within their service.

D5 Assets

SECURITY

D5.1 Introduction

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

D5.2 Responsibilities

- (a) Head of Finance and Revenues
- (i) To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of the amount shown in Appendix 1.
 - (ii) To receive the information required for accounting, costing and financial records from each Chief Officer.
 - (iii) To ensure that assets are valued in accordance with the latest "Code of Practice on Local Authority Accounting in the United Kingdom".
- (b) Head of Legal and Democratic Services

- (i) To notify the Head of Finance and Revenues of any financial rights or liabilities arising from the completion of any deed or agreement.
- (ii) To maintain custody of all title deeds under secure arrangements.

(c) Chief Officers

- (i) To maintain a property database in a form approved by the Head of Finance and Revenues for all properties, plant and machinery and moveable assets currently owned or used by the Authority. Any use of property by a service other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- (ii) 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-Head of Property and Asset Management](#) in consultation with [or as otherwise approved by](#) the ~~Head of Finance and Revenues and~~ Head of Legal and Democratic Services, has been established as appropriate.
- (iii) To ensure the proper security of all buildings and other assets under their control.
- (iv) 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 Head of Finance and Revenues.
- (v) To pass title deeds to the appropriate Chief Officer (currently Head of Legal and Democratic Services) who is responsible for the custody of all title deeds.
- (vi) To ensure that no Authority asset is subject to personal use by an employee without proper authority.
- (vii) To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority.
- (viii) To ensure that the service maintains a register of moveable assets (inventory) in accordance with arrangements defined by the Head of Finance and Revenues.
- (ix) To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- (x) To consult the Head of Finance and Revenues in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- (xi) To ensure cash holdings on premises are kept to a minimum and maximum limits are agreed with the Head of Finance and Revenues ~~and~~

[Revenues](#) and those holdings are kept in a safe or similar secure receptacle as agreed with the Head of Finance and Revenues.

- (xii) 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 Head of Finance and Revenues as soon as possible.
- (xiii) To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless the Head of Finance and Revenues agrees otherwise.
- (xiv) To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Head of Finance and Revenues.
- (xv) 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

- (xvi) To maintain inventories and recording an adequate description of furniture, fittings, equipment, plant and machinery in accordance with instructions from the Head of Finance and Revenues.
- (xvii) 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 etc. owned by the Authority (not leased) should be identified with security markings as belonging to the Authority.
- (xviii) To make sure that the property is only used in the course of the Authority's business, unless the Chief Officer concerned has given permission otherwise and suitable arrangements have been made for private use e.g. booking out system, insurance cover.
- (xix) Items which are no longer required shall be either:
 - offered to other services (if usable); or,
 - disposed of in accordance with the Head of Finance and Revenues' instructions. Under normal circumstances this will be by competitive tender [or for vehicles part-exchange](#), although in exceptional circumstances other methods may be agreed. In any event, the inventory should be endorsed accordingly and any resulting payment received paid into the Council's account; or
 - offered to a charity or voluntary organisation, or scrapped if this is a cost effective method of disposal. In the latter case any environmental issues should be taken into account when items are to be scrapped.

IT equipment should be disposed of in accordance with the Council's relevant IT policies.

Stocks and Stores

- (xx) To make arrangements for the care and custody of stocks and stores in the service.
- (xxi) To ensure stocks are maintained at reasonable levels and are subject to a regular (at least annual) independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- (xxii) To investigate and remove from the Authority's records (i.e. write off) discrepancies as necessary. Where these exceed the amount shown in Appendix 1, approval from the Head of Finance and Revenues must be given.
- (xxiii) To authorise or write off disposal of redundant stocks and equipment. Procedures for the disposal of such stocks and equipment should be by competitive quotations or auction, unless the Head of Finance and Revenues decides otherwise in a particular case.
- (xxiv) To seek Head of Finance and Revenues approval to the write-off of redundant stocks and equipment where the value exceeds the amount shown in Appendix 1.

D5.3 Intellectual Property

Intellectual property is a generic term which 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 (see Officers' Code of Conduct [section 7.2](#)).

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.

In the event that the Council decides to become involved in the commercial exploitation of inventions, proper procedures should be followed which are developed by the Head of Finance and Revenues and Head of Legal and Democratic Services.

Chief Officers should 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.

D5.4 Asset Disposal

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

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

Responsibilities

(a)(b) Head of Finance and Revenues

- (i) To issue guidelines representing best practice for disposal of assets.
- (ii) 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.

(b)(c) Chief Officers

- (i) To obtain the best price from the disposal of surplus or obsolete materials, stores or equipment, unless otherwise agreed by the Head of Finance and Revenues.
- (ii) To ensure that income received for the disposal of an asset is properly banked and coded.

D6 Treasury Management

D6.1 Introduction

The aim of treasury management is 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.

The Council [will ensure its practices are in line with all has adopted the Codes of Practice issued periodically by CIPFA Treasury Management in the Public Services Code of Practice 2011.](#)

D6.2 Responsibilities – Treasury Management and Banking

(a) Cabinet

To implement and regularly monitor the treasury management policies and practices.

(b) The Overview and Scrutiny Committee

To ensure effective scrutiny of the treasury management and policies.

(c) Head of Finance and Revenues

- (i) To create and maintain:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of the Council's treasury management activities;
- suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control these activities.

The content of the policy statement and TMPs will follow the recommendations contained in [relevant sSections 6 and 7](#) of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- (ii) To report ~~to the Cabinet~~ on the Council's treasury management policies, practices and activities [as required by the Prudential Code, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in its TMP.](#)
- (iii) To act in accordance with the Council's policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management in the execution and administration of treasury management decision.
- (iv) To report to the Cabinet where limits approved within the TMP have been or are likely to be breached.
- (v) To be responsible for controlling all money in the hands of the Authority.
- (vi) To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Head of Finance and Revenues.
- (vii) To order cheques and make proper arrangements for their safe custody, completion and despatch.
- ~~(viii)~~ [\(viii\)](#)—To ensure that cheques drawn on the Council's main bank accounts shall bear the facsimile signature of the Head of Finance and Revenues and, in the case of cheques exceeding the amounts shown in Appendix 1, together with letters or other documents of authority, shall be signed by signatories approved from time to time by the [Council Head of Finance & Revenues](#).
- (ix) To ensure that the officer countersigning the cheque in the circumstances referred to in (viii) above shall not be the same officer who certified the payment voucher to which the cheque relates.
- ~~(ix)~~ [\(x\)](#)—To ensure that where payments are to be made by other instruments such as BACS the requirements for countersigning large payments as outlined in (viii) and (ix) above will also apply.

(d) Chief Officers

- (i) To follow the instructions on banking issued by the Head of Finance and Revenues.

D6.3 Responsibilities – Investments and Borrowing(a) Head of Finance and Revenues

- (i) 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.
- (ii) 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 Head of Legal ~~and Democratic Services~~ & Democratic Services.
- (iii) To effect all borrowings in the name of the Authority.
- (iv) To act as the Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Authority.

(b) Chief Officers

- (i) 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 Head of Finance and Revenues.

D6.4 Responsibilities – Leasing(a) Head of Finance and Revenues

- (i) To enter into leasing arrangements on behalf of the Authority for items with budget approval~~for items approved by the Cabinet~~.

(b) Chief Officers

- (i) To provide the Head of Finance and Revenues ~~and Revenues~~ with details of all items for which leasing arrangements are recommended~~required~~ according to the timescale laid down by the Head of Finance and Revenues.

D6.5 Responsibilities – Trust Funds and Funds held for Third Parties(a) Chief Officers

- (i) 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 Head of Finance and Revenues, unless the deed otherwise provides.

- (ii) To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Head of Finance and Revenues, and to maintain written records of all transactions.
- (iii) To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

D6.6 Responsibilities – Imprest (Petty Cash) Accounts

(a) Head of Finance and Revenues

- (i) To provide employees of the Authority with cash or bank imprest accounts as he/she thinks appropriate to meet minor items of expenditure on behalf of the Authority and to prescribe rules for operating these accounts. Minor items should not exceed the amount shown in Appendix 1 unless the Head of Finance and Revenues specifically approves a payment in excess of this limit.
- (ii) 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.
- (iii) To reimburse imprest holders as often as necessary to restore the imprests, ~~but normally not more than monthly.~~
- (iv) To provide cash floats of an appropriate level for specific purposes or events held by the Authority and to ensure those floats are promptly repaid intact at the appropriate time.

(b) Chief Officers

Chief Officers have the responsibility to ensure that the employees operating an imprest account:

- (i) comply with the rules for operating imprest accounts issued by the Head of Finance and Revenues.
- (ii) obtain and retain vouchers (meeting VAT requirements where appropriate) to support each payment from the imprest account. Where appropriate, an official receipted voucher must be obtained.
- (iii) make adequate arrangements for the safe custody of the account.
- (iv) produce upon demand by the Head of Finance and Revenues cash and all vouchers to the total value of the imprest amount.
- (v) record transactions promptly.
- (vi) reconcile and balance the account at least monthly; claims for reimbursement to be in a form approved by Head of Finance and Revenues.
- (vii) ensure that where a bank account is opened for use by an imprest holder, the holder shall not cause that account to become overdrawn. It

shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance on an imprest holder's bank account shall immediately be reported to the Head of Finance and Revenues.

- (viii) provide the Head of Finance and Revenues with a certificate of the value of the account held at 31 March each year.
- (ix) ensure that the float is never used to cash personal cheques or 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; no other income shall be paid into the account.
- (x) ensure that on leaving the Authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Head of Finance and Revenues for the amount advanced to him or her.
- (xi) ensure cash floats issued for specific purposes or events are repaid promptly and intact following the conclusion of the purpose or event.

D7 Staffing

D7.1 Introduction

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.

D7.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To ensure that budget provision exists for all existing and new employees and that the budget is reconciled to the Establishment at the time the budget is set.
- (ii) To ensure that reconciliations of actual employee-related expenditure with those budgeted are carried out for each service no less than once every three months.

(b) Human Resources Manager

- (i) To act as an advisor to Chief Officers on areas such as National Insurance and pension contributions, as appropriate.
- (ii) To carry out a quarterly review of the establishment to ensure the accuracy of staffing records.

(c) Chief Officers

- ~~(i) To produce an annual staffing budget.~~ (ii) To ensure that the staffing budget prepared by the Head of Finance and Revenues is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).

- (iii) To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- (iv) 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.
- (v) To ensure that the Head of Finance and Revenues is immediately informed if the staffing budget is likely to be materially over- or under spent.

E. Financial Systems and Procedures

E1. General

E1.1 General

Services have many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. The information must be accurate and the systems and procedures sound and well administered. They should include controls to ensure that transactions are properly processed, errors detected promptly and to assist the prevention and detection of fraud. [Internal Audit must be consulted in the development of internal controls for any new system.](#)

The Head of Finance and Revenues has a professional responsibility to ensure that the Authority's financial systems are sound and should therefore be notified of any new developments or changes.

E1.2 Responsibilities

(a) Head of Finance and Revenues

The Head of Finance and Revenues has the responsibility to make arrangements for the proper administration of the Authority's financial affairs, including to:

- (i) issue advice, guidance and procedures for officers and others acting on the Authority's behalf.
- (ii) determine the accounting systems, form of accounts and supporting financial records.
- (iii) establish arrangements for the audit of the Authority's financial affairs.
- (iv) approve any new financial systems to be introduced.
- (v) approve any changes to financial systems.

(b) Chief Officers

- (i) To ensure that accounting records are properly maintained and held securely.
- (ii) To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the

- Head of Finance and Revenues and the ~~corporate~~ Service Document Retention Schedule.
- (iii) 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.
- (iv) To incorporate appropriate controls to ensure that, where relevant:
- all input is genuine, complete, accurate, timely and not previously processed;
 - all processing is carried out in an accurate, complete and timely manner;
 - output from the system is complete, accurate and timely.
- (v) To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- (vi) To ensure there is a documented and tested disaster recovery/business continuity plan to allow information system processing to resume quickly in the event of an interruption.
- (vii) To ensure that systems are documented and staff trained in operations.
- (viii) To consult with the Head of Finance and Revenues before changing any existing systems or introducing new systems.
- (ix) To ~~establish a Scheme of Delegation identifying officers~~ identify and approve authorised officers to act upon the Chief Officer's behalf in respect of payments, income collection, ~~and~~ placing orders and staffing costs such as overtime claims or travel expenses, and showing the limits of their authority.
- (x) To supply lists of authorised officers, with specimen signatures and delegated limits, to the Head of Finance and Revenues, together with any subsequent variations. ~~(xi) To ensure that effective contingency arrangements, including back-up procedures, exist for computer s~~
- (xii) 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.
- (xii) To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, digital / cyber attack etc. and that all officers comply with relevant policies on use of Council IT equipment.
- (xiii) To comply with the copyright, designs and patents legislation and, in particular, to ensure that:

- only software legally acquired, properly licensed and installed by the Authority is used on its computers;
- staff are aware of legislative provisions;
- in developing systems, due regard is given to the issue of intellectual property rights.

E2. Income

E2.1 Introduction

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 cashflow and avoids the time and cost of administering debts.

E2.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To agree arrangements for the collection of all income due to the Authority and to approve the procedures, systems and documentation for its collection, [banking and reconciliation](#). The responsibility for cash collection should be separated from that:
 - for identifying the amount due; and
 - for reconciling the amount due to the amount received.
- (ii) To prepare and issue cash handling instructions to ensure that such income is managed according to best practice.
- (iii) To order and supply to services all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangement for their control.
- (iv) In consultation with the appropriate Chief Officer, to agree the write-off of bad debts or other sums due to the Authority up to the limit shown in Appendix 1 in each case, and to refer sums in excess of this amount to the Cabinet or the Finance and Resources Portfolio Holder as appropriate.
- (v) In appropriate circumstances the Head of Finance and Revenues may delegate responsibility for the write-off of specific debts to another Chief Officer provided that he/she is satisfied with the arrangements made for controlling such write-offs and provided that the debt does not exceed the limit of the Head of Finance and Revenues' authority to write-off debts as detailed in these regulations.
- (vi) To keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2015.

- (vii) ~~To obtain the approval of the Cabinet or the Finance and Resources Portfolio Holder, as appropriate, in consultation with the relevant Chief Officer, for writing off debts in excess of the approved limit.~~

To ensure that appropriate accounting adjustments are made following write-off action.

- ~~(viii)~~(x) To write-off the amount of any salary that has been prepaid in the event of the death of an officer.

(b) Chief Officers

- (i) To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- (ii) To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- (iii) To establish and initiate appropriate recovery procedures, in consultation with the Head of Finance and Revenues, including legal action where necessary, for debts which are not paid promptly.
- (iv) To issue official receipts or to maintain other documentation for income collection. The format of those receipts or documentation to be agreed by the Head of Finance and Revenues and, where the Head of Finance and Revenues determines, those receipts or documentation to be purchased, stored and issued by the Finance & Revenues Service.
- (v) To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- (vi) To hold securely receipts, tickets and other records of income for the appropriate period, as specified by the Head of Finance and Revenues and the corporate Document Retention Schedule.
- (vii) To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- (viii) To comply with all cash handling instructions issued by the Head of Finance and Revenues.
- (ix) To ensure that income is paid fully and promptly into the appropriate bank account in the form in which it is received. No deductions shall be made unless specifically authorised by the Head of Finance and Revenues. Appropriate details should be entered on to paying-in slips to provide an audit trail from the payment to the debt or other purpose for which the payment is being made.
- (x) To ensure that any discrepancies in banking must be recorded and reported immediately to the Head of Finance and Revenues.

- (xi) To ensure that insurance limits for cash stored on premises and in transit are not exceeded.
- (xii) To ensure income is not used to cash personal cheques or other payments.
- (xiii) To supply the Head of Finance and Revenues with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Head of Finance and Revenues to record correctly the sums due to the Authority and to ensure accounts are sent out promptly. ~~To do this, Chief Officers should use established performance management systems to monitor recovery of income and flag up areas of concern to the Head of Finance and Revenues.~~ Chief Officers have a responsibility to assist the Head of Finance and Revenues in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Authority's behalf.
- (xiv) To keep a record of every transfer of money between employees of the Authority. The receiving officer must sign for the transfer and the transferor must retain that record or a copy thereof.
- (xv) To recommend to the Head of Finance and Revenues all debts to be written off and to keep a record of all sums written off up to the limit in Appendix 1. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- (xvi) To obtain the approval of the Head of Finance and Revenues, the Finance and Resources Portfolio Holder or Cabinet when writing off debts according to the thresholds in Appendix 1.
- (xvii) To notify the Head of Finance and Revenues of outstanding income relating to the previous financial year as soon as possible after 31 March, in line with the timetable determined by the Head of Finance and Revenues.

E3. Ordering and Paying for Work, Goods and Services

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The 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 Contract Standing Orders and Procurement Strategy.

E3.1 General

- (a) Every officer and Member of the Authority has a responsibility to declare any links or personal interest they may have with purchases, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the

Authority, in accordance with their respective codes of conduct in the Council's Constitution.

- (b) Official orders must be in a form approved by the Head of Finance and Revenues and will normally be placed through the Council's Purchase Order system. Official orders must be issued for all work, goods and services to be supplied to the Authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Head of Finance and Revenues.
- (c) Each order must conform to the Council's Procurement Strategy and any corporate arrangements, agreements or contracts for the purchase or supply of goods, materials, services and works. Standard terms and conditions must not be varied without the prior approval of the Head of Finance and Revenues and Head of Legal and Democratic Services.
- (d) Apart from petty cash and other payments from advance accounts, the normal method of payment shall be by BACS, ~~cheque or other instrument or approved method~~, A cheque drawn on the Authority's bank account by the Head of Finance and Revenues may be used as an alternative method. The use of direct debit shall require the prior agreement of the Head of Finance and Revenues.
- (e) Corporate credit cards and purchase cards may be provided for officers who, in the opinion of the Head of Finance and Revenues, have a business case for having them. These cards must only be used in accordance with the conditions specified by the Head of Finance and Revenues. Personal ~~credit cards payments by officers~~ may only be used/made for Council purchases with prior approval from the Head of Finance and Revenues.
- (f) Official orders must not be raised for any private or personal purchases, nor must personal or private use be made of Authority contracts.
- (g) Cheques must be despatched independently of the officer authorising the payments to which they relate, unless the Head of Finance and Revenues agrees otherwise.

E3.2 Responsibilities

- (a) Head of Finance and Revenues
 - (i) To ensure that all the Authority's financial systems and procedures are sound and properly administered.
 - (ii) To approve any changes to existing financial systems and to approve any new systems before they are introduced.
 - (iii) To approve the form of official orders and associated terms and conditions in consultation with the Head of Legal and Democratic Services.

- (iv) 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 and to ensure correct entries are made in all accounting records-
- (v) 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.
- (vi) To make payments to contractors on the certificate of the appropriate Chief Officer, which must include details of the value of the work, retention money, amounts previously certified and amounts now certified.
- (vii) To provide advice and encouragement on making payments by the most economical means.
- ~~(viii)~~ ~~(viii)~~—To ensure that processes are in place to maintain the security and integrity of data for transacting business electronically.
- ~~(viii)~~(ix) To ensure that controls are in place for ensuring requested changes to supplier contact and payment details are independently checked with known contact details to reduce the risk of fraud or misappropriation of public funds.
- ~~(ix)~~(x) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- ~~(xi)~~ To obtain credit cards and purchasing cards, agree credit limits and regulate their use where ~~the Head of Finance and Revenues is~~ satisfied there is a business case for having them.
- ~~(xii)~~ To ensure that arrangements are in place for the independent reconciliation and retention of supporting invoices for all transactions placed using credit cards or purchasing cards.
- ~~(x)~~(xiii) To ensure that controls are in place to prevent the duplicate payment of invoices.

(b) Chief Officers

- (i) To ensure that official orders, as approved by the Head of Finance and Revenues, are used for all goods, services and works, other than the exceptions specified in section E3.1(b) or other specific exceptions agreed by the Head of Finance and Revenues.
- (ii) To ensure that orders are only used for goods, services and works provided to the service ordering them. Individuals must not use official orders to obtain goods and services for their private use.
- (iii) To ensure that only those staff authorised by him or her to sign ~~(or electronically approve)~~ orders and to maintain an up to date list of such

authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods, services and works ordered are appropriate and needed, that there is adequate budgetary provision and that quotations and tenders have been obtained as appropriate (see Contract Standing Orders). Best value principles should underpin the Authority's approach to procurement. Value for money should always be achieved. N.B. When using the Authority's electronic purchase ordering system, the order must be made on the appropriate cost centre and account code relevant to the purchase being made.

- (iv) To ensure that goods, services and works are checked on receipt/completion to verify that they are in accordance with the order (including quantity and quality standards). This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- (v) To ensure that, ~~unless the order has been placed through the Council's electronic ordering system,~~ payment of a purchase invoice 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 been previously 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 treatment of tax, seeking advice from the Head of Finance and Revenues as necessary;
 - (f) that the invoice is coded correctly;
 - (g) that discounts have been taken where available;
 - ~~(h) that appropriate entries will be made in accounting records.~~
- (vi) To ensure that all invoices received within services should be passed to the Head of Finance and Revenues as soon as possible for payment and he/she may make such enquiries as he/she considers necessary. Where orders are placed through the Council's electronic purchasing system invoices will normally be sent by the supplier direct to the Head of Finance and Revenues, and necessary receipting and authorisation will be carried out within that system according to procedures laid down by the Head of Finance and Revenues and consistent with the requirements in (v) above.

- (vii) To ensure that, where payments are made where there is no invoice to support the payment, the same checks as identified in (v) above should be carried out as far as possible and the Council's liability for the payment confirmed. Information supporting the payment should be attached to the payment voucher to the extent that the Head of Finance and Revenues requires.
- (viii) To ensure that two authorised members of staff are involved in the ordering, receiving and payment process to maintain internal control.
- (ix) To ensure that their service maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Head of Finance and Revenues.
- (x) Invoices shall only be received in hard-copy or from a verifiable email address confirmed with the supplier. To ensure that controls are in place to prevent duplicate invoices being passed for payment payments are not made on a photocopied or faxed invoice (unless it is a certified copy), statement or other document other than a formal invoice. Any instances of these being rendered should be reported to the Audit staff. Electronic invoices may be accepted with the approval of the Head of Finance and Revenues.
- (xi) To ensure that invoices received for payment are correct; if this is not the case a replacement invoice should be requested and the original invoice cancelled or a credit note provided.
- ~~(xii) To ensure that suppliers are encouraged to receive payment by the most economical means for the Authority. It is essential, however, that payments made by direct debit have the prior approval of the Head of Finance and Revenues.~~
- (xiii) To ensure that their service 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 Council's Procurement Strategy and Contract Standing Orders.
- ~~(xiiiv)~~ To ensure that corporate purchasing contracts and agreements the Council has in place are utilised where these meet the requisite specification and quality of goods and services required.
- (xiv) To ensure that they comply with the requirements of Contract Standing Orders to put purchases out to competitive tender or quotes and the process for so doing.
- (xvi) To ensure that employees are aware of the Code of Conduct for employees and the Member & Officer Interests Protocol.
- (xvii) To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Head of Finance and Revenues, who will normally make such arrangements on behalf of the Authority.

- (xvii) To ensure that the Head of Finance and Revenues is notified of outstanding expenditure relating to the previous financial year as soon as possible after 31 March, in line with the timetable determined by the Head of Finance and Revenues.
- (xviii) To ensure that, with regard to contracts for construction and alterations to buildings and for civil engineering works, they **must** document and agree with the Head of Finance and Revenues 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.
- (xix) To ensure that they provide the Head of Finance and Revenues with such documentation and explanations as he/she requires relating to contract payments.
- (xxi) To ensure that they notify the Head of Finance and Revenues immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- (xxii) To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the [Corporate Service](#) document retention schedule and any statutory and/or audit requirements.

E4. Payments to Employees and Members

E4.1 Introduction

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.

E4.2 Responsibilities

- (a) **Head of Finance and Revenues**
 - (i) To approve arrangements for the secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees.
 - ii) To control books of travel warrants and be responsible for their order and issue to Chief Officers. Used books of travel warrants should be returned to the Head of Finance and Revenues.

~~(iii) To provide advice and encouragement to secure payment of salaries and wages by the most economical means.~~

(iiv) To ensure there are frequent reconciliations of payroll expenditure against the approved budget and bank account.

(b) Human Resources Manager

(i) 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 the Head of Finance and Revenues, on the due date.

(ii) To ensure there are proper authorisation procedures in place and that there is adherence to corporate timetables in relation to:

- starters;
- leavers;
- variations;
- enhancements;

and, where appropriate, that payments are made on the basis of properly authorised timesheets or claims.

(iii) To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions and ensure that all HM Revenue and Customs regulations are complied with in accordance with procedures prescribed by the Head of Finance and Revenues.

(iv) To make arrangements for the payment of all travel and subsistence claims or ~~financial loss~~ other allowances in accordance with procedures prescribed by the Head of Finance and Revenues.

(v) To make arrangements for paying Members' travel or other allowances, upon receiving the prescribed form, duly completed and authorised.

(vi) To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

(vii) To ~~ask~~ require Heads of Service to check and confirm the employees being paid through the payroll for their service on at least ~~an annual~~ quarterly basis.

(viii) To notify the Head of Finance and Revenues and ~~Hampshire County Council~~ the Authority's payroll provider of all terminations, changes in remuneration or any other variations which affect the pay or pension of an employee or former employee, in a form and timescale agreed with Hampshire County Council.

(ix) ~~To notify Hampshire County Council of all appointments, in a form and timescale agreed with Hampshire County Council.~~

(x) To check and verify that P11D forms are produced by Hampshire County Council by the Authority's payroll provider, detailing cash equivalents of benefits and expenses provided to employees during the tax year, are accurate.

(c) Chief Officers

(i) 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.

(ii) To notify the Human Resources Manager of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee.

(iii) 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.

~~(iv) To send an up to date list of the names of officers authorised to sign records to the Head of Finance and Revenues, together with specimen signatures. Payroll should have copies of the specimen signatures of those authorised to sign timesheets and claims.~~

(iv) To ensure that all time records and other pay documents are in a form prescribed or approved by the Head of Finance and Revenues.

(vi) To ensure that payroll transactions are only processed through the payroll system, unless approved by the Head of Finance & Revenues. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenues and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Human Resources Manager.

(vii) To certify travel and subsistence claims and other allowances in a form approved by the Head of Finance and Revenues. 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.

(vii) To ensure all claims are submitted within 3 months of the end of the period to which the claim relates; claims submitted later than this may not

be paid. All claims relating to a financial year must be submitted within one month of the end of that financial year.

- (viii) To ensure that where staff use their own cars for Council business, their car insurance covers business use, [has a valid MoT certificate, if required](#) and that the Council has no liability arising out of their staff's use of their own cars on Council business.
 - (ix) To ensure that VAT receipts are retained to support claims to the extent that the Head of Finance and Revenues requires.
 - (x) Where issued with books of travel warrants, to return used books to the Head of Finance and Revenues. On leaving the employment of the Council, or otherwise ceasing to be entitled to hold the travel warrants advanced to them, officers holding books of travel warrants shall return them to the Head of Finance and Revenues.
 - (xi) To ensure that the Human Resources Manager is notified of the details of any employee benefits in kind, to enable [full and complete reporting within the income tax self-assessment system accurate calculation of P11D or other income-based information for tax purposes](#).
 - (xii) To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the [Corporate Service Document Retention Schedule](#).
- (d) All Employees
- ~~(i)~~(h) To notify the Human Resources Manager as soon as possible of any changes in circumstances e.g. bank account details.
 - (ii) To submit properly completed claims for payment promptly within three months of the expenditure being incurred.
- (e) Members
- (i) To submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

E5. Taxation

E5.1 Introduction

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.

E5.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs and an annual partial exemption calculation.
 - (ii) To provide details to HM Revenue and Customs regarding the Construction Industry Tax deduction scheme.
 - (iii) To provide service managers with advice on taxation issues including ensuring that VAT is properly charged. -the maintenance and retention of documentation and records for taxation purposes.
 - (v) To maintain up to date guidance for Authority employees on taxation issues.
- (b) Human Resources Manager
- (i) To ensure that the correct amount of tax is deducted from payments to staff and to complete all HM Revenue and Customs returns regarding PAYE.
- (c) Chief Officers
- (i) To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations.
 - (ii) To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax deduction requirements.
 - (iii) To ensure that all persons employed by the Authority are added to the Authority's payroll, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
 - (iv) To follow any guidance on taxation issued by the Head of Finance and Revenues.

F. External Arrangements

F1. Partnerships

F1.1 Introduction and Definition

The Council works with numerous organisations in the public, private and community sectors to provide quality services and improve the quality of life of the residents of the borough. In many instances there may be formal partnership arrangements with these organisations.

A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project

or

- (b) a body whose nature or status give it a right or obligation to support the project.

Partners participate in projects by:

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

Partners have common responsibilities:

- (a) To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation.
- (b) To act in good faith at all times and in the best interests of the partnership's aims and objectives.
- (c) To 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 ~~where possible~~ as ambassadors for the project.

F1.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To advise on effective controls that will ensure that resources are not wasted.
- (ii) To advise on the key elements of funding a project. They include:
 - a scheme appraisal for financial viability in both the current and future years;
 - risk appraisal and management;
 - resourcing, including taxation issues;
 - audit, security and control requirements;
 - carry-forward arrangements.
- (iii) To ensure that the accounting arrangements are satisfactory.

- (iv) To advise as to the applicability of the Council's Financial Regulations to the operations of the partnership.

(b) Chief Officers

- (i) To maintain a register of all partnerships entered into with external bodies in accordance with procedures specified by the Head of Finance and Revenues.
- (ii) To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Head of Finance and Revenues.
- (iii) To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority.
- (iv) To ensure that all agreements and arrangements are properly documented, including roles and responsibilities within the partnership and the need for open-book accounting arrangements, unless the Head of Finance and Revenues agrees otherwise.
- (v) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- (vi) To provide appropriate information to the Head of Finance and Revenues to enable a note to be entered into the Authority's Statement of Accounts concerning material items.
- (vii) To ensure that the Council's Contract Standing Orders and Financial Regulations are applied to the operations of the partnership where the Council provides the majority of the funding or where the [Monitoring Officer-Head of Legal and Democratic Services](#) and Head of Finance and Revenues advise that they apply.

F2. External Funding

F2.1 Introduction

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 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.

F2.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts.
 - (ii) To ensure that the match-funding requirements are considered prior to entering into the agreements, and that future revenue budgets reflect these requirements.
 - (iii) To ensure that audit requirements are met. [This may include reconciliation and post-payment assurance to the external funding organisation.](#)
- (b) Chief Officers
- (i) To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full Council.
 - (iii) 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.
 - (iii) To ensure that all claims for funds are made by the due date.
 - (iv) To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

F3. Work for Third Parties

F3.1 Introduction

~~Current~~ IL legislation enables the Authority to provide a range of services to other bodies. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.

F3.2 Responsibilities

(a) Head of Finance and Revenues

- (i) To ensure that proposals are properly costed before final approval is sought from the Cabinet [or the holder of delegated powers](#).
- (ii) To ensure that contracts protect the financial interests of the Council.
- (iii) To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

(b) Chief Officers

- (i) To follow guidance issued by the Head of Finance and Revenues on any financial aspects of the establishment of such arrangements.
- (ii) To ensure that the advice of the Head of Legal and Democratic Services and the approval of the Cabinet, [or the holder of delegated powers](#), is obtained before any negotiations are concluded to work for third parties.

- (iii) To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Head of Finance and Revenues.
- (iv) To ensure that appropriate insurance arrangements are made.
- (v) To ensure that the ~~Authority is not put at risk from~~of any bad debts is minimised.
- (vi) To ensure that no contract is subsidised by the Authority unless approved by Cabinet / Council and ensuring no Subsidy Control rules are breached.
- (vii) To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- (viii) To ensure that the service has the expertise to undertake the contract.
- (ix) To ensure that such contracts do not impact adversely upon the services provided for the Authority.
- (x) To ensure that all contracts are properly documented.
- (xi) To provide appropriate information to the Head of Finance and Revenues to enable a note to be entered into the Statement of Accounts.

APPENDIX 1 SCHEDULE OF LIMITS

Ref.	Description	Authority/Duty	Threshold
B3.1.3C1.3	<p>Approval of virements</p> <p>Approval of carry forward of unspent budget from one financial year to another</p> <p>Approval to make transfers to / from earmarked revenue reserves</p>	<p>Chief Officer(s)</p> <p>Head of Finance and Revenues</p> <p>Head of Finance and Revenues in consultation with the Finance and Resources Portfolio Holder and the appropriate Portfolio Holder</p> <p>Cabinet</p>	<p>Up to £5,000</p> <p>More than £5,000 and up to £25,000</p> <p>More than £25,000 and up to £50,000</p> <p>More than £50,000</p>
B3.1.3C1.3	<p>Approval of expenditure in respect of s106 contributions received from developers for site-specific works</p>	<p>Head of Finance and Revenues</p> <p>Head of Finance and Revenues in consultation with the Finance and Resources Portfolio Holder and the appropriate Portfolio Holder</p> <p>Cabinet</p>	<p>Up to £50,000</p> <p>More than £50,000 and up to £100,000</p> <p>More than £100,000</p>
G.3B4.2 (a) (ii)	<p>Modify project within the Capital Programme</p> <p>Add a project to the capital programme which is fully financed by external sources of funds or is otherwise cost-</p>	Cabinet	<p>Up to £100,000 per item,</p> <p>Annual Limit</p> <p>£500,000</p>

Ref.	Description	Authority/Duty	Threshold
	neutral to the Council (e.g. grant or developer contributions)		
B4.5(a) (v) & B4.5(b) (vi)	Authorise individual schemes to exceed the provision in the Capital Programme by in excess of the sum shown	Cabinet	10% of the contract sum up to a maximum of £100,000
E3 B4.2 (a) (iii)	Approve expenditure outside the provision of revenue estimates where there are no equivalent savings	Cabinet	Up to £100,000 per item, Annual Limit £500,000
B4 C3.2 (b) (v)	Approve urgent and /or unforeseen items of expenditure	Head of Finance and Revenues	Up to £25,000
D5.2 (a) (i)	Assets valued at, or in excess of, the amount shown must be recorded in the Council's Fixed Asset Register	Head of Finance and Revenues	£10,000
D5.2 (c) (xxii)	Authority required to write off discrepancies in stores and stocks records	Chief Officer Head of Finance and Revenues Cabinet	Up to £1,000 More than £1,000 up to £25,000 More than £25,000
D5.2 (c) (xxiv)	Authority to write off redundant stocks and equipment (per item)	Chief Officer Head of Finance and Revenues Cabinet	Up to £1,000 More than £1,000 up to £25,000 More than £25,000

Ref.	Description	Authority/Duty	Threshold
D6.2 (c) (viii)	Cheques and other payments requiring counter-signatory	Bank signatory	Benefits payments exceeding £1,000 Other payments exceeding £10,000
D6.6 (a) (i)	Limit to value of an item of expenditure through petty cash	Heads of Service	£50
E2.2 (a) (iv), E2.2 (b) (xvi)	Authority to write-off bad debts	Head of Finance and Revenues Head of Finance and Revenues in consultation with the Finance Portfolio Holder Cabinet	Up to £5,000 More than £5,000 up to £25,000 Above £25,000

**APPENDIX 2 THE COUNCIL'S THRESHOLDS OF EXPENDITURE
USED FOR DEFINING KEY DECISIONS**

a.	Decisions on spending which are within the annual budgets approved by the Council	NO THRESHOLD	NOT KEY DECISIONS
b.	Decisions on cash flow, investments and borrowings.	NO THRESHOLD	NOT KEY DECISIONS
c.	Decisions for spending or savings outside the budget, or included in the annual budget with reservations.	SPENDING OR SAVINGS IN EXCESS OF £75,000 PER ITEM	KEY DECISIONS

ITEM 16 Appointments to Committees and Outside Bodies

Report of the Democracy and Governance Portfolio Holder

Recommended:

- 1. That Councillor Andersen be appointed to the Northern Area Planning Committee to replace Councillor Harber.**
- 2. That Councillor Harber be appointed to the General Purposes Committee to replace Councillor Donnelly.**
- 3. The Councillor xxxx be appointed to the Licensing Committee to replace Councillor Johnston.**
- 4. That Councillor Hatley be appointed to the Licensing Committee.**
- 5. That Councillor Donnelly be appointed to the Overview and Scrutiny Committee to replace Councillor Hatley.**
- 6. That Councillor Maltby be appointed to the Overview and Scrutiny Committee.**
- 7. That Councillor xxxx be appointed as the Council's Representative to Miss Gale's Education Foundation Trust.**

SUMMARY:

- In accordance with the provisions set out in the Local Government and Housing Act 1989 the Council is required to review the representation of the political groups on committees where there is a notified political group and when there is a change to political proportionality as soon as practicable
- Council approval is sought for changes to the membership to the Council's General Purposes Committee, Licensing Committee, Overview and Scrutiny Committee, Northern Area Planning Committee and Southern Area Planning Committee.

1 Introduction

- 1.1 Following Councillor Hatley's resignation from the Conservative Group and the resignation of Councillor Matthews as a Borough Councillor, the political balance of the Council's Committees has been reviewed.
- 1.2 The review has highlighted a number of changes that are required across the Council's Committees in order for committees to continue to reflect political proportionality.
- 1.3 A replacement representative is required for appointment to Miss Gale's Education Foundation Trust.

2 Background

- 2.1 Changes are required on four of the Council's Committees; the General Purposes Committee, Licensing Committee, Overview and Scrutiny Committee and the Northern Area Planning Committee.
- 2.2 At its meeting on 26 June 2019, Council agreed that the membership of the Northern Area Planning Committee and Southern Area Planning Committee should reflect the representation of local Ward Members.
- 2.3 In order to reflect the current political balance of the Council across the committees, it is necessary to make the following changes:
 - 2.3.1 The Independent representation on the Northern Area Planning Committee needs to be removed. This results in a vacancy on the Committee which is required to be filled by a Conservative Member.
 - 2.3.2 A Conservative representative on the General purposes Committee needs to be removed. This results in a vacancy on the Committee which is required to be filled by an Independent Member.
 - 2.3.3 A Conservative representation on the Licensing Committee needs to be removed. This results in a vacancy on the Committee which is required to be filled by a Liberal Democrat Member.
 - 2.3.4 A further Conservative representation on the Licensing Committee needs to be removed. This results in a vacancy on the Committee which is required to be filled by an Independent Member.
 - 2.3.5 A Conservative representation is required on the Overview and Scrutiny Committee to replace the Conservative seat previously filled by Councillor Hatley. Councillor Hatley as an Independent Member no longer has a seat on the Overview and Scrutiny Committee.
 - 2.3.6 A further Conservative Member is required to fill the vacancy on Overview and Scrutiny resulting from the resignation of Councillor Matthews.
- 2.4 A representative is required for appointment to Miss Gale's Education Foundation Trust, an outside body of the Council. Former Councillor Matthews was previously appointed to this outside body and therefore the position is now vacant.

3 Risk Management

- 3.1 A Risk Management questionnaire has been completed and indicates this report does not require a risk assessment because the changes/issues covered by this report are not significant in terms of risk or have previously been considered.

4 Resource Implications

- 4.1 There are no resource implications.

5 Legal Implications

- 5.1 There are no legal implications. A resolution of full Council is required to effect the replacement appointments.

6 Equality Issues

- 6.1 None are identified.

7 Other Issues

- 7.1 Community Safety - none
 7.2 Environmental Health Issues - none
 7.3 Sustainability and Addressing a Changing Climate - none
 7.4 Property Issues - none
 7.5 Wards/Communities Affected – none

8 Options and Options Appraisal

- 8.1 The options are to either make the replacement appointments or not. It is recommended that Council resolves to make the appointments to ensure the Committees in question are politically balanced and retain a full membership.

9 Conclusion and reasons for recommendation

- 9.1 It is recommended that Councillors are appointed to the vacancies on the General Purposes Committee, Licensing Committee, Overview and Scrutiny Committee and Northern Area Planning Committee to ensure political balance.
- 9.2 It is further recommended that a Councillor be appointed as the Council's representative to fill the vacancy on the outside body – Miss Gale's Education Foundation Trust.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972 (as amended) and can be made public.			
No of Annexes:	None	File Ref:	N/A
(Portfolio: Democracy and Governance) Councillor I Jeffrey			
Officer:	Emma Horbury	Ext:	8001
Report to:	Council	Date:	16 November 2022

ITEM 17

Reporting of Urgent Decisions

Report of the Democracy and Governance Portfolio Holder

Recommended:

That Council notes the urgent decisions set out in the Annex to this report, which were taken by the Chief Executive, in consultation with the Leader.

SUMMARY:

- The Council's constitution delegates power to the Chief Executive in consultation with the Leader to take decisions in urgent or emergency situations.
- This power is subject to reporting those decisions back to Council, Cabinet or the Committee concerned.
- This report contains details of urgent decisions made by the Chief Executive in consultation with the Leader which Council is asked to note.

1 Introduction

- 1.1 The need has periodically arisen for urgent decisions to be taken by the Chief Executive in consultation with the Leader to take some urgent decisions in order to facilitate and implement a number of government schemes and grants which provided financial support for various groups.
- 1.2 These decisions must be reported back to Council, Cabinet or the Committee concerned and this report fulfils that requirement.

2 Background

- 2.1 Under the constitution Portfolio Holder and the Chief Executive in consultation with the Leader is delegated power to take urgent decisions.
- 2.2 Delegation (2) of the "Delegations to Chief Executive" reads:
- "To do anything, in consultation with the Leader, which is calculated to facilitate, or is conducive or incidental to the discharge of the Council's functions subject to:
- (i) the matter being regarded as an emergency or urgent situation; and
 - (ii) a report back to the Council, Cabinet or Committee concerned.
- 2.3 "Functions retained by the Leader and Delegations to the Deputy Leader and Portfolio Holders" as set out in the Constitution provides for:

- 2.4 (2) That subject to the Council's Constitution, the Leader retains the following functions:
- (e) the determination (within the Budget and Policy Framework set by full Council) of all matters relating to executive functions delegated to the Cabinet, to Portfolio Holders or to officers, where there is no convenient meeting of the Cabinet or individual available (or willing) to exercise their delegated power; and
- 2.5 The requirement to deliver government grants in a timely fashion can properly be considered an "emergency or urgent situation" for the purposes of the above delegation.
- 2.6 Some of these decisions were by their very nature urgent and others had no Council, Cabinet or Committee meeting to which they could be brought as legislation had yet to be passed enabling Council meetings to take place remotely. The Chief Executive therefore took the required decisions in consultation with the Leader.
- 2.7 As well as the national emergency a number of urgent decisions have been taken following the end of Coronavirus restrictions. These decisions have been taken in order to respond to, and administer a number of urgent Government schemes in a timely manner where there was no convenient meeting of the Cabinet to which to bring this matter.
- 2.8 The following decisions were made under the power delegated to the Chief Executive:
1. 10 October 2020 Test and Trace Support Payments
 2. 26 March 2021 Support for Clinically Extremely Vulnerable Individuals Funding
 3. 12 January 2022 Delegation of Authority to the Head of Community and Leisure Services to administer the Local Authority Practical Support Fund
 4. 17 January 2022 Administration of the Omicron hospitality & Leisure Grant and the Additional Restrictions Grant
 5. 13 February 2022 Household Support Fund and Vulnerable Rents Grant - Financial Support Scheme
 6. 29 March 2022 Administration of the 'Support for Energy Bills - the Council Tax rebate 2022-23' mandatory and discretionary schemes
 7. 27 May 2022 Homes for Ukraine Scheme Funding and Local Support Offer

2.9 Copies of the Written Statements of Decision are attached as an Annex to this report, numbered as per the list above. Each Statement sets out the full details of the decision made and the reasons for that decision.

2.10 All decisions are available on the Council's website.

3 Corporate Objectives and Priorities

3.1 The appended decisions were necessary to enable the Council to continue to fulfil its functions, cutting across all of the Council's corporate objectives and priorities at a time of national emergency.

4 Consultations/Communications

4.1 No consultation has taken place on this report. Any consultation undertaken will be recorded in each individual Statement of Decision.

5 Options and Option Appraisal

5.1 This report is for noting only. The decisions have been made and implemented. The decisions made pursuant to the urgency delegation are required to be reported to Council.

6 Risk Management

6.1 A Risk Management questionnaire has been completed and indicates this report does not require a risk assessment because the changes/issues covered by this report are not significant in terms of risk or have previously been considered.

7 Resource Implications

7.1 There are no resource implications of this report. The resource implications of each particular decision are, where appropriate, considered in each Written Statement of Decision.

8 Legal Implications

8.1 Similarly, there are no legal implications of this report. Any legal issues which were taken account in the decision making are recorded in the individual Written Statements of Decision. The Council's Constitution requires those decisions to be reported back to Council, Cabinet or other Committee.

9 Equality Issues

9.1 No equality issues arise as a result of this report. Any equality issues arising as a result of the individual decisions appended are addressed within each Statement of Decision.

10 Other Issues

10.1 No other issues are apparent.

11 Conclusion and reasons for recommendation

- 11.1 This document reports to Council the urgent decisions taken by the Leader and urgent decisions taken by the Chief Executive in consultation with the Leader during the period of emergency presented by the Coronavirus (Covid 19) pandemic and to deal with the provision of urgent government schemes. Council is asked to formally note this report.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Written Statements of Decision as Annexed to this report.			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	N/A
(Portfolio: Democracy and Governance) Councillor I Jeffrey			
Officer:	Karen Dunn	Ext:	8401
Report to:	Council	Date:	16 November 2022

**WRITTEN RECORD OF A DECISION BY THE LEADER TO BE COMPLETED BY
THE LEADER AND PROPER OFFICER**

SECTION A

Date of Decision: 26th October 2021
Portfolio Area: Finance and Revenues
Subject Title : *Delegation of Authority to the Head of Finance & Revenues (in consultation with the Leader and the Finance Portfolio Holder) to establish terms for delivery of the Self-isolation Voucher Scheme and thereafter to administer that scheme.*

Name(s) of Officers present when the decision was taken

Karen Dunn

SECTION B – IDENTITY OF THE “DECISION-MAKER”

An individual Cabinet member: Councillor North, the Leader of Council

Under Delegated Powers as set out in Part 3 of the Constitution, Delegations to the Leader, Deputy Leader and Portfolio Holders.

SECTION C – THE DECISION

“That authority is delegated to the Head of Finance and Revenues (in consultation with the Leader and the Finance Portfolio Holder) to establish terms for delivery of the Self-isolation Voucher Scheme and thereafter to administer that scheme”.

SECTION D – REASONS FOR THE DECISION

The decision-maker’s reasons for making the decision recorded in Section C:

Background

Government has introduced a Self-Isolation Voucher Scheme in order to provide assistance to those who may suffer hardship as a result of needing to self-isolate (either themselves, or as a result of caring for someone who is required to self-isolate). Funds have been allocated to County Councils with instruction to liaise with Districts for implementation. The sum of £19,867.80 has been awarded to Test Valley Borough Council for this purpose for the period to 31st March 2022.

As the name suggests, support is provided by way of vouchers. Eligibility will be determined based on applications submitted via the Test and Trace Support Payment Scheme.

A scheme has been drafted in consultation with Hampshire County Council encompassing the criteria specified by the County Council.

The Scheme's official start date is 25th October 2021. The decision is therefore taken to delegate authority to the Head of Finance and Revenues in consultation with the Leader and Finance Portfolio Holder to agree the terms of the scheme and thereafter for the Head of Finance and Revenues to administer the scheme.

SECTION E – DETAILS OF ANY ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

The following alternative options were not contained in the report but were considered by the decision-maker and rejected:

1. to approve some other form of delegated authority to implement and administer the scheme.
2. to refer the decision to Cabinet for decision.

These options were considered and dismissed as the Scheme must be implemented as a matter of urgency. Funds have been received and a Scheme drafted by officers in conjunction with Hampshire County Council. There is no convenient meeting of the Cabinet to which to bring this matter – the next meeting is on 27th October 2021 but there would be insufficient time to give the required notice of a full Cabinet decision and there is not a further Cabinet meeting until the 8th of December 2021. This decision needs to be made forthwith so the Scheme can be implemented and applications processed.

SECTION F – OTHER RELEVANT MATTERS CONCERNING THE DECISION

The following relevant matters not contained in the report were considered when taking the decision:

None

SECTION G – CONFLICTS OF INTEREST DECLARED AND DISPENSATIONS GIVEN

Tick ONE only, and complete the details if necessary

X	<p>*The decision-maker(s) / *Any member of the Cabinet consulted in taking the decision did not declare a personal or prejudicial interest in the matters set out in the report.</p>
	<p>*The decision-maker / *A member of the Cabinet taking the decision / *A member of the Executive consulted in taking the decision declared a personal or prejudicial interest in the Matters set out in the report and as detailed below:</p> <p>Nature of Interest:</p> <p style="margin-left: 40px;">a) Personal _____</p> <p style="margin-left: 40px;">b) Prejudicial</p> <p>Details:</p>

* Delete as applicable

NB: If an interest is a Disclosable Pecuniary Interest and no exceptions apply, the person who has declared such an interest must be recorded as leaving the room and taking no part in the decision.

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record or minute of that decision.

Cabinet Member:		26.10.2021
	Councillor North	Dated:
Officer present:		26.10.21
	Karen Dunn	Dated:

NOTE:

Should any member wish to call in the above decision, please write (or e-mail) to the Democratic Services Manager by noon on the sixth working day of the decision being made.

**WRITTEN RECORD OF A DECISION BY THE LEADER TO BE COMPLETED BY
THE LEADER AND PROPER OFFICER**

SECTION A

Date of Decision: 27 October 2021
Portfolio Area: Leader
Subject Title : Establishment of Portfolios and Appointment of Portfolio Holders

Decision reference: 27/10/2021

Name(s) of Officers present when the decision about the report was taken

Karen Dunn, Head of Legal and Democratic Services

SECTION B – IDENTITY OF THE “DECISION-MAKER”

An individual Cabinet member: Councillor North, the Leader of Council

Under Delegated Powers as set out in Part 3 of the Constitution, Functions retained by the Leader, and Delegations to the Deputy Leader and Portfolio Holders.

SECTION C – THE DECISION

The decision-maker made the following decision:

The Establishment of the following Portfolios:

- **Leader’s Portfolio**
- **Strategic Regeneration and Partnerships (North)**
- **Strategic Regeneration and Partnerships (South)**
- **Climate Emergency and Countryside**
- **Community, Leisure and Tourism**
- **Democracy and Governance**
- **Finance and Resources**
- **Housing and Environmental Health (including Diversity and Inclusion)**
- **Planning**
- **Recycling, Environmental Services and Car Parking**

The appointment of Portfolio Holders to Portfolios as follows:

- **Leader’s Portfolio – Councillor P North**
- **Strategic Regeneration and Partnerships (North) – Councillor P North**
- **Strategic Regeneration and Partnerships (South) – Councillor N Adams-King**
- **Climate Emergency and Countryside – Councillor A Johnston**
- **Community, Leisure and Tourism – Councillor D Drew**
- **Democracy and Governance– Councillor I Jeffrey**
- **Finance and Resources – Councillor M Flood**
- **Housing and Environmental Health (including Diversity and Inclusion) – Councillor T Tasker**
- **Planning – Councillor P Bundy**
- **Recycling, Environmental Services and Car Parking – Councillor N Adams-King**

SECTION D – REASONS FOR THE DECISION

The decision-maker’s reasons for making the decision recorded in Section C:

The Leader had authority as set out in Part 3 of the Constitution, Functions retained by the Leader, and Delegations to the Deputy Leader and Portfolio Holders.

(2) That subject to the Council’s Constitution, The Leader retains the following functions:

.....

(b) the establishment of Portfolios, which includes the determination of their name, number and content;

(c) the appointment and removal of Portfolio Holders

.....

SECTION E – DETAILS OF ANY ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None

SECTION F – OTHER RELEVANT MATTERS CONCERNING THE DECISION_

None

SECTION G – CONFLICTS OF INTEREST DECLARED AND DISPENSATIONS GIVEN

Tick ONE only, and complete the details if necessary

X	<p>*The decision-maker(s) / *Any member of the Cabinet consulted in taking the decision did not declare a personal or prejudicial interest in the matters set out in the report.</p>
	<p>*The decision-maker / *A member of the Cabinet taking the decision / *A member of the Executive consulted in taking the decision declared a personal or prejudicial interest in the Matters set out in the report and as detailed below:</p> <p>Nature of Interest:</p> <p style="margin-left: 40px;">a) Personal b) Prejudicial</p> <p>Details:</p>

* Delete as applicable

NB: If an interest is a Disclosable Pecuniary Interest and no exceptions apply, the person who has declared such an interest must be recorded as leaving the room and taking no part in the decision.

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record or minute of that decision.

Cabinet Member:	Councillor P North, The Leader 	Dated: 27 October 2021
Officer present:	Karen Dunn 	Dated: 27 October 2021

NOTE:

Should any member wish to call in the above decision, please write (or e-mail) to the Democratic Services Manager by noon on the sixth working day of the decision being made.

ITEM 18

Notice of Motion – Rule 12

Councillor Gwynne will move that:

This Council notes that:

Protecting the River Test;

- Every river in England is now polluted beyond legal limits.
- In 2019 the Environment Agency rated just 14% of rivers as 'Good'.
- Some 36% of English rivers have been damaged by water companies. They released untreated human waste into our waterways over 400,000 times to a total of 3 million hours in 2020 alone. In that same year just 3.6% of pollution complaints made to the Environment Agency resulted in penalties.
- Government funding to the Environment Agency to monitor river quality and regulate farms and water companies, has dropped 75% since 2010/11.
- Consequently farms are now rarely inspected, water quality is rarely tested, and water companies can pump raw sewage into rivers with virtual impunity.

To protect the River Test – the very basis for the existence of TVBC - this Council resolves to request the Chief Executive write to:

- 1) The Secretary of State for Environment, Food and Rural Affairs calling for the Government to urgently address these issues.
- 2) The Chairperson of the Parliamentary Environmental Audit Committee to advocate for greater enforcement of existing regulatory powers.
- 3) Both of the Borough's Members of Parliament, asking for their support in this matter.
- 4) The Chief Executive of Southern Water, calling for urgent action to address the impact of waste-water discharges on our local rivers – and the river Test in particular.
- 5) The Regional Director of the National Farmers' Union requesting clarification on the action being taken locally by farmers to prevent nutrient run-off.
- 6) The charities River Action and The Rivers Trust expressing this Council's support for their campaign to restore the health of Britain's rivers.

Councillor Burnage will second the motion