

# NORTHAMPTON BOROUGH COUNCIL



## COUNCIL

Monday, 19 November 2007

**YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY, THE NINETEENTH DAY OF NOVEMBER, 2007 AT SIX THIRTY O’CLOCK IN THE EVENING WHEN THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED:-**

**1. MINUTES.**

To approve the minutes of the proceedings of the Meeting of the Council held on 27<sup>th</sup> September 2007.

**2. APOLOGIES.**

**3. MAYOR'S ANNOUNCEMENTS.**

**4. DEPUTATIONS/PUBLIC ADDRESSES**

**5. QUESTION TIME**

**6. CABINET MEMBER PRESENTATIONS**

(copies herewith)

**7. CONSTITUTION UPDATED FINANCIAL REGULATIONS**

Report of Director of Finance (copy herewith)

**8. NOTICES OF MOTION**

(A) Councillor Hadland to move and Councillor Palethorpe to second:-

“In the interest of local democracy, this Council will amend its Constitution to allow councillors more time to question portfolio holders in full Council, following the preparation of their reports. Therefore, the allotted time for this is extended from thirty

minutes to 1 hour and the guillotine moved from 9.30pm to 10pm.with immediate effect.”

(B)Councillor Hill to move and Councillor C.Lill to second

“The Labour Government announced in December 2006 a consultation on its plans for the Post Office network. It called for major cuts in the number of Post Offices. On 17<sup>th</sup> May 2007 Labour Ministers announced the result of their consultation and confirmed that they would move ahead with cuts resulting in the closure of 2500 Post Offices. The overwhelming majority of the remaining Post Offices are sub post offices run by private businessmen and women.

This Council believes that Post Offices provide a unique and essential service to many communities within the borough and support their efforts to remain open. This council also objects to any future measures imposed by the Labour Government that will cause further damage to the Post Office network.”

**9. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.**

The Guildhall  
Northampton  
9<sup>th</sup> November 2007

D.Kennedy Chief Executive

**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Leader of the Council,  
Portfolio Holder for Partnerships and Improvement**

*A clear vision for Northampton*

**Chief Executive**

David Kennedy starts in post on Monday 12th November 2007. We welcome David and wish him every success in his new role. John Edwards relinquishes the position of Interim Chief Executive on 12th November 2007. Over a period of just eight months, John has significantly tightened the accountabilities and responsibilities of managers and communicated 'good practice' to all staff. He has brought stability to the authority and provided the framework for strengthened business planning and the continuing service performance improvement. He has improved relations with our key partners, particularly the Government Monitoring Board, GO-EM and DCLG. I believe John has put in place secure foundations for Northampton Borough Council to rapidly improve its performance and rating. Northampton Borough Council owes a very significant debt of gratitude to John Edwards. John will, however, not be leaving us immediately. He will assist the Council in its preparation for the next Audit Commission Progress Assessment.

*An open and efficient council*

**Audit Commission Progress Assessment**

The Audit Commission have decided that our Progress Assessment inspection will take place on 25<sup>th</sup> to 27<sup>th</sup> February 2008 rather than this month as originally indicated. This is encouraging in that it indicates that they do not feel that NBC is currently at risk of failing and does, obviously, provide additional time for improvements to be embedded before the next inspection. However, we must be under no illusion, the Audit Commission will want to see substantial progress and will, undoubtedly, apply a harder test to reflect the additional time available.

**Government Monitoring Board**

The Government Monitoring Board met on 4 October 2007. This was a positive meeting and there was general agreement that NBC was now making good progress in its improvement. This was confirmed when the date of the next meeting was delayed until 17 January 2008.

**West Northamptonshire Development Corporation**

The WNDC have invited the Administration to appoint an Observer to the WNDC Board. We will be taking up this position.

Tony Woods  
November 2007

**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Portfolio Holder for Community Engagement & Safety**

*Safe, clean neighbourhoods for people to live in*

**Community Safety in Partnership**

The Safer Stronger Northampton Partnership continues to develop, showing crime reductions in most categories through effective joint working on priority areas, backed up by clear accountability and performance management. Burglary, robbery and vehicle crime have all been falling recently, and although the violent crime figures remain a worry some of this is due to more active intervention by the police. Anti-social behaviour incidents have decreased since last year, and more referrals than ever are being made to the Anti-social Behaviour Unit hosted by this Council. We have demonstrated that early intervention has been effective in reducing future offending.

The Partnership's progress has been reviewed at the beginning of November by the Home Office/GOEM team which carried out the initial support programme early in 2007. Their report is expected soon, but immediate feedback was very positive. One clear result of strengthened partnership working is the production, for the first time and in advance of national changes, of a truly partnership 'strategic assessment' for community safety on the evidence of which future plans can be soundly based.

*Make Northampton people proud of their parks, open spaces, leisure and cultural heritage*

**Balloon Festival**

A report is due to go to Cabinet on 3<sup>rd</sup> December with the Balloon Festival outturn, data which, in previous years, has not been known. The February 07/08 budget included a profit expectation of £216,000 which required the introduction of an entrance fee, justified by a significantly improved entertainment offer which was well received. Introducing a charge allowed us for the first time to collect some reliable data regarding attendance which will form a baseline to market the festival more effectively next year. The event was affected by poor weather this year, and we recently released approximate figures showing that the festival made a loss of up to £160,000, in lieu of the final figures due in December. We now need to plan how this event can be developed for future years to become a major attraction to the town, whilst no longer being a financial drain on this Council.

A working group has also been established to consider the future of the Festival and the results of public consultation carried out as part of Local Democracy Week in October. The group's recommendations will be included in the report to Cabinet in December.

**Museum Service in Spring Boroughs**

The museum service continues to reach out to Northampton's communities. Of particular note is the short film about Spring Boroughs and its relatively unknown

history, made by young people from that area with no previous experience of film-making. Their passion and professionalism has greatly impressed everyone who has seen the film 'X Marks the Spot', which has already won a well-deserved award.

Brendan Glynane  
November 2007

**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Portfolio Holder for Finance**

***Sort out the Council's finances***

In accordance with the need to understand and monitor the council's financial pressures I continue to meet with the Interim Chief Executive and Corporate Directors, as well as attending bi-monthly performance reviews. Much work has and is being done to provide the information to enable the budget setting process for 2008-09. Capital programmes have been produced for 2007-08 for both the General Fund and the Housing Revenue Account, together with Capital Outturns. Monthly Budget Monitoring reports continue to be produced. The report for the 7 months to the 31<sup>st</sup> October 2007 will be produced to Cabinet on Monday 3<sup>rd</sup> December.

**Financial Accounts**

The audited financial statements for the year ended 31<sup>st</sup> March 2007 were approved by Full Council on 27<sup>th</sup> September, having been presented by Councillor David Perkins, the Chair of Audit Committee. These financial statements were signed off with an unqualified report by the external auditors.

***Value for money public services***

**Use of resources assessment**

The external auditors are currently assessing the Council's performance for the year ended 31<sup>st</sup> March 2007. In respect of: Financial Reporting; Financial Performance; Financial Standing; Internal Control; Value for Money.

Members will remember that these assessments, scored from 1 to 4 in each case, with 1 being the lowest and 4 the highest, are taken very seriously in assessing and rating local authority and public body performance.

The offices in the finance directorate have worked hard to produce all the necessary documentation to satisfy the key lines of enquiry (KLOES) that contribute to the decisions of the auditors.

***Give the highest priority to vulnerable people***

**Northampton Door to Door Service (NDDS)**

NDDS provide a valuable transport service to members of the public with mobility and sight problems, which has recently been under threat. I have continued to be involved in the Council's securing of accommodation for NDDS staff and vehicles following their impending loss of premises as a result of actions taken by the County Council.

Malcolm Mildren  
November 2007

**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Portfolio Holder for Regeneration**

***Improve our town centre***

**Establishing an Integrated Planning Service**

Cabinet have agreed the structure of the new planning service, combining Development Control, Planning Policy and Building Control under a new Head of Planning. We are now beginning the recruitment process for a new Heads of Planning and Development Control Manager and Building Control Manager. I am delighted to welcome Paul Lewin back to the council as our new Planning Policy and Conservation manager. The Cabinet have also agreed to the use of Planning Delivery Grant money this year and next year to support the creation of the new structure, and in particular capital funding to improve audio visual facilities in the Jeffery room and improvements to our reception areas at The Guildhall and Cliftonville House, as well as investment in ICT support for planning.

**Business start-ups and niche retailing**

The Council has also received financial support of £60,000 towards studies into niche retailing in the town centre, and business start ups in the St Johns Area. Both of these projects recognise that the future of our town centre rests with our ability to promote specialist and creative businesses that will offer something special to attract people to our town. We look to working with the university and others to promote creative industries, particularly in art and fashion, that harness the skills of young people and encourage them to stay in our town to build their businesses here.

***A safe, attractive town***

**Joint Core Strategy**

The Joint Core Strategy is vital in determining how and in which directions Northampton grows over the next 20 years. Two workshops have been held with Councillors from the Borough, South Northants, Daventry and the County Council attending. The next session will be held on the evening of 29<sup>th</sup> November at the County Cricket Ground, and I hope councillors unable to attend daytime meetings will find the evening time more convenient and attend. The different options for growth are just options, but it is important to recognise that if we fail to put in place a robust core strategy that sets out how the growth of our town will happen then our growth will simply be led by developers seeking the best options for their profits.

The Joint Core Strategy progress is currently one month behind programme. This is due to the inability of the Joint Planning Unit (JPU) to secure adequate

professional resources from all of the Planning Authorities which fall within the remit of the Local Development Scheme. The JPU Manager advises it is not possible to recover this slippage and there is risk of further slippage.

The proposal to establish a Joint Planning Committee has been considered by the Cabinet. While South Northamptonshire District Council and Daventry District Council have considered the issue, the County Council is still to consider the matter. A report will be brought to Council when the position of all other Councils involved in the creation of a Joint Committee is known and agreed.

### **St. John's / Angel Street Master planning**

This has three component projects, each being promoted in partnership with the respective lead organizations. Northampton County Council and West Northamptonshire Development Corporate have requested the Borough Council slow down its project which is currently ahead of the other two projects.

In the interests of ensuring a coherent approach across all three projects, I am minded to agree to this, provided East Midlands Development Agency (EMDA) agree to vary their grant conditions as necessary.

## ***Parks, leisure & cultural heritage***

### **English Heritage**

Together with Jean Hawkins I have met with English Heritage to discuss regeneration and conservation in the town centre. In December we are planning a visit to Lincoln to examine the use of an 'Enquire by Design' approach to town centre regeneration. I have also attended the launch of the Northampton Heritage Forum. It is encouraging to see the growing interest in the heritage of our town, and a recognition that new development can be used to protect and enhance the many fine buildings we have.

Richard Church  
November 2007



**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Portfolio Holder for Performance**

*A clear vision for Northampton*

**Corporate Plan**

Work has commenced on the development of the Corporate Plan for 2008 to 2011. The arrival of the new Chief Executive will enable this process to gather pace. Focus groups are being arranged to inform the process by establishing the perceived strengths and weaknesses of the Borough Council involving groups selected from our Citizens Panel, Tenants and Residents, Voluntary Organisations, Young People and School children.

This is the first stage of our consultation and engagement activities around the corporate plan and budget process and seeks to facilitate groups through a process of identifying three key priorities for the Council which will help to inform the development of the corporate plan for next year.

*An open and efficient council*

**Performance**

The September Monthly Performance Report included the first reported quarterly Key Performance Indicators (KPI's) measured against the harder test that is now being applied. Reports are being provided to individual Overview and Scrutiny Committees to enable them to identify areas requiring improvement which might form part of their future work plan. The purchase of the new Performance Management System has taken place and an implementation plan is being developed in conjunction with the suppliers. We are planning for a 'go live' date on 1st April.

**ICT Services**

The new Intranet went live on 1st November. This will provide clearer search facilities for key documents and service areas. Training for authors is underway so that content is kept up to date and relevant. The intranet is designed to help us to be more effective in what we do, and the new, modernised site provides links to the BBC news feeds for local and national news, traffic and weather.

**Meeting Services**

Meeting services have drafted and published new committee report templates. These are now available on the intranet. An "At a Glance" Annual Meeting Cycle has been produced electronically and sent to all members.

A leaflet has been produced for distribution to the public at meetings advising of the roles etc of the various committees and how members of the public can access and address these meetings

**Licensing**

A 3 year review of the Licensing Act Policy is continuing, as is simultaneously the consultation with regard to the police request for a Cumulative Impact Policy.

The licensing department has contributed recently to a number of multi agency checks to ensure compliance of Liquor and Taxi / Vehicle Hire licence conditions. These checks contribute to the safety of our town centre and the safety of passengers in public hire vehicles.

### **Legal Services**

Legal Services have commenced implementation of IKEN case management software. This will add real efficiencies to work within the section and assist towards achievement of a LEXCEL, the legal quality standard.

The litigation team has obtained a number of possession orders and 4 injunctions working jointly with the Police in anti social behaviour matters. The section has also conducted a number of prosecutions for benefit fraud.

### *Straightforward, honest leadership*

### **Pay & Grading Review**

Progress is on target with regard to completing the Pay and Grading review for 1<sup>st</sup> April 2008 and resolving Equal Pay Liabilities by 31<sup>st</sup> December 2007. These are significant projects which have a key impact on the budget for this year and future years in terms of implementing new pay structures. Firmer costings are being developed as the project progresses to feed into budget planning

### **Attendance Management.**

The council's performance still lags behind this year's target. The forecast outturn is approx 10.5 days against a target of 9.5 days, but is still ahead of last years improved performance. The performance for September (revised to 0.89 days lost per full time employee) is an improvement on both the previous 2 months. Controls and management reporting will improve further from Nov with the introduction this month of a new IT system to replace a recording system first installed some years ago.

### **Appraisal System**

The council completed the second year of appraisals earlier this year and a review has taken place of the process and outcomes. Whilst timely completion has improved this year, more focus is required on setting objectives and rating performances. Recommendations are being made to the Management Committee which will be implemented in 2008.

Brian Hoare  
November 2007

**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Portfolio Holder for Environment**

*Consider the future of the planet in everything we do*

**Carbon Management Programme**

This programme is progressing well with good engagement from across Council services. The baseline carbon footprint has been established and work is progressing to identify specific projects to reduce carbon emissions and costs which will be considered in the budget considerations for future years.

The Council also attended an Ideas Sharing Conference on 10<sup>th</sup> October which was extremely well attended. The council heard about a number of ideas and experiences which will be invaluable to our future achievement of carbon reduction. The finalised strategy and detailed implementation plan are on programme for completion at the beginning of March 2008.

**Recycling rate**

The recycling rate this time last year was 39% compared to 41.77% to date. This improvement has been largely achieved by the council's recycling team having a more active role in the community visiting schools, colleges, residents associations and holding road shows in the town centre and at special events. The recycling team have also given educational tours around the council's own Materials Reclamation Facility (MRF), where all the materials collected by the recycling collection teams are sorted and separated into the different material types.

*Safe clean neighbourhoods for people to live in*

**Refuse collections**

We have achieved a dramatic improvement in the number of missed collections, down from 4,835 this time last year to only 671 to date. With approximately 36,000 collections made each day (nearly 10 million a year) this figure is exceptional and has been accomplished through improvements implemented by the Waste Operations Officers and the introduction of the Customer Relations Management system managed by the new Call Centre.

**Ecton Lane Travellers Site**

Following the recent refurbishment any outstanding items requiring work are being undertaken by Mears. The target, subject to access, is to complete these by the end of November 2007. Three tenders have been received for long term management of the site. A report to Cabinet in December will recommend a preferred contractor to commence management of the site early in the new year.

The Countywide Traveller Needs Assessment is on programme to be completed by early December 2007. The results of this will provide evidence of need and inform the Local Development Scheme.

**Smoke Free Legislation**

This continues to be monitored and advice given to businesses. The levels of compliance remain high.

### **Health and Safety Awareness for Warehousing and Logistics Industry**

The Council hosted a planned all day event for local business to learn from National Exemplars in Industry. Speakers included senior staff from the Health and Safety Executive, Coca Cola Enterprises Limited, NYK Logistics, Eddie Stobart and DHL. The aim was to share best practise with a view to reducing injuries and, in turn, improve business efficiency for local facilities.

### **Integrated Housing IT System (IBS)**

The first phase of the IBS has been implemented within Housing and Property Maintenance and has been generally well received. Phase 2, which goes live on the 28<sup>th</sup> January 2008, will include all the associated repairs modules and will facilitate a move towards mobile working for frontline staff. This will allow for a fundamental overhaul of the way materials are collected and delivered and will considerably reduce the need for employees to come to the depot so that they can spend more time out delivering frontline services, whilst also reducing our carbon footprint.

## *Improve our town centre*

### **Streetscene**

During half-term week 22-26<sup>th</sup> October we ran our second anti-litter campaign, following the earlier successful campaign in April this year. Penguin bins were once again introduced into the town centre before being loaned out to schools for the autumn/winter terms to ensure the anti-littering message continues to be passed onto the school children of the town.

### **Community Clean-ups**

NBC have continued to work with community groups to ensure that eyesore areas have been cleared and the rubbish removed through Community Clean-ups.

### **End of Life Vehicle Impound Scheme (ELVIS)**

NBC continue to be a major player in the Countywide partnership End of Life Vehicle Impound Scheme (ELVIS). This partnership now has both national and international recognition and similar schemes will be rolled out across the UK in the next 12 months. Due to the success of the ELVIS partnership, Northampton is to be one of the first towns to trial the new Automatic Number Plate Recognition cameras and software, which have been developed to catch vehicles with no tax or insurance and has direct links with the DVLA.

### **Sheep Street toilets**

We have now identified funding to keep open the Sheep Street toilets at least until the 31<sup>st</sup> March 2008. Sheep Street toilets have once again been recognised as a 5 star facility, which is testament to the continued hard work of the staff.

Trini Crake  
November 2007

**Council**  
**Monday 19<sup>th</sup> November 2007**

**Report of the Portfolio Holder for Housing**

*Value for money public services*

**Housing department performance**

A number of improvements have been made in the department's performance over recent months, including:

- Council Tax collection, still on target for the highest ever recorded % rate of 98%.
- Processing of new benefit claims, currently an average of just over 30 days
- Rent collection for September, now 101% meaning we have collected more in rent than was due for the month and reduced the overall level of arrears owed to the Council.

The priority areas for improved performance remain timely benefits administration, maximising collection of revenues and rental income, minimising voids and prevention of homelessness. A monthly performance Clinic is holding Managers to account for their performance.

**Partnership Working**

A Homeless Action Planning Day is due to be held in December aimed at improving joined up responses to youth homelessness.

**Housing inspection**

Preparations are ongoing for our Housing progress inspection next May. Interim arrangements are in place to support the Directorate through the next few months.

**NTACT**

We are working with NTACT to improve the effectiveness of tenant participation in the town.

**Choice based lettings**

There is a cross party involvement in the development of choice based lettings and the review of the current allocations policy.

**Housing Visioning Day**

A Visioning Day is planned to understand the thinking from Government on meeting affordable homes targets and options for delivery.

**Estate regeneration**

A group of Offices and Councillors recently visited a regeneration project in Coventry to get some advice about how that experience could help us to regenerate estates in Northampton.

Sally Beardsworth  
November 2007



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 19<sup>th</sup> November 2007

**Agenda Status: Public**

**Directorate: Finance and Governance**

<b>Report Title</b>	<b>Financial Regulations</b>
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### 1. Summary

- 1.1 The purpose of this report is to seek authority to update the constitution in relation to the financial regulations.

### 2. Recommendations

- 2.1 That Council authorises the Solicitor to the Council to amend the constitution by replacing the Financial Regulations currently in the constitution with the regulations attached at Appendix 1.

### 3. Report Background

- 3.1 Financial regulations are part of the Constitution of the Council and are one of the key governance tools for the organisation to ensure that all aspects of finance are managed and regulated. They guide members and officers as to what is permissible and good practice and all parties must adhere to them.
- 3.2 It is good practice to review and, where necessary, update financial regulations on a regular basis to ensure that they are appropriate and address the needs of the Council.
- 3.3 A full review of the regulations have been undertaken and a number of changes made, particularly to bring clarity for officer and member responsibilities in relation to financial governance.
- 3.4 The new regulations draw from best practice from a number of good authorities and reflect the needs of the organisation. Consultation has been held with officers, cabinet, management board, KPMG our external auditors and PWC or internal auditors. In addition they have been reviewed by the finance monitoring government sub-board.

- 3.5 The regulations will be backed up by process rules which will flesh out the regulations. These rules are not required to come to Council, and are merely the operational framework for financial transactions and responsibilities.
- 3.6 A training programme is being developed to roll out these regulations across the Council to ensure that officers fully understand their responsibilities under the regulations.
- 3.7 In future there will be an annual review of the regulations as part of the audit committee programme.

#### **4. Implications (including financial implications)**

##### 4.1 Resources and Risk

- 4.1.1 Up to date financial regulations, and adherence to them, reduce financial risk to the authority and give officers and members a clear framework in which to operate.
- 4.1.2 Resources are required to roll out a training programme. The training will be delivered by existing finance staff.

##### 4.2 Legal

- 4.2.1 The new regulations have been reviewed by legal and are consistent with the overall constitution.

##### 4.3 Other Implications

- 4.3.1. None

#### **5. Background Papers**

- 5.1 None

**Report Author and Title:** Isabell Procter, Director of Finance

**Telephone and Email:** 01604 838757

**Financial Regulations Review**

**FINANCIAL REGULATIONS**

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## **1.0 INTRODUCTION & STATUS OF FINANCIAL REGULATIONS**

- 1.1** Financial regulations provide the framework for managing the authority's financial affairs and ensure the efficient, effective and economic use of resources. They are supplemented by financial instructions and processes and apply to every member and officer of the authority and anyone acting on their behalf.
- 1.2** These regulations and related documents shall be reviewed and updated as appropriate, ideally annually, co-ordinated by the section 151 Officer.
- 1.3** All members and employees have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.4** All Council employees must seek to achieve best value and shall give appropriate consideration to: -
  - Acquiring resources at an appropriate quality for the minimum cost.
  - Ensuring that the maximum output is obtained from the resources devoted to an activity.
  - Ensuring that the output from any activity is achieving the desired result or target set.
  - How each activity fits within the corporate objectives and how performance can be compared objectively and by the more subjective views of the local community.
- 1.5** Except where expressly detailed within Financial Regulations or Constitution, deviation from these regulations may be approved by the S151 Officer in cases of urgency but generally only by Cabinet or Council.
- 1.6** The introduction of new systems could fundamentally change the systems of control in some areas. The Council recognises that this may require the variation to the Regulations that cannot be achieved via Cabinet approval due to time constraints. Therefore the Section 151 Officer may approve temporary dispensation/amendment.
- 1.7** Failure of members / employees to comply with these Regulations and associated Policies, Instructions and Processes may constitute misconduct or gross misconduct, depending on the circumstances of the case in question and may result in disciplinary action being taken in accordance with the Council's Disciplinary Procedures.
- 1.8** These regulations should be read in conjunction with the remainder of the Constitution and with policy documents which the Council have adopted, including the Anti Fraud and Corruption Policy, Equal Opportunities Policy, Document Retention Policy and the Risk Management Policy.
- 1.9** The Financial Instructions and Processes that support these regulations, as approved by the Section 151 Officer, must be followed.

## **2.0 FINANCIAL MANAGEMENT**

### **2.1 Introduction**

2.1.1 Financial management covers all financial accountabilities in relation to the running of the authority, including the budget and policy framework. The processes of financial management involve:

- Complying with statutory requirements
- Development and approval of policy and management frameworks, the constitution and financial plans including the revenue and capital budgets
- Establishing protocols and standards
- Implementing policies, protocols and standards
- Monitoring compliance
- Maintaining records
- Reporting and providing advice
- Specific financial techniques and functions e.g. virement, year end balances, statements of account

2.1.2 Proper control of the authorities affairs requires that roles and responsibilities are clearly defined. This section clearly defines the roles and responsibilities of:

- Full Council
- Cabinet
- Overview and Scrutiny Committees
- Audit Committee
- Standards Committee
- Head of Paid Service
- Section 151 Officer
- Monitoring Officer
- Chief Officers and Service Heads
- Budget Managers & Supervisors

### **2.2 Full Council**

2.2.1 The Full Council is responsible for adopting and changing the principles of financial governance and adopting or approving the policy framework and budget within which the Executive (Cabinet) operates and the setting the level of Council Tax. The Cabinet is responsible for proposing the policy framework, budget and level of Council Tax to full Council.

### **2.3 Cabinet**

2.3.1 The Cabinet is responsible for directing the Council's affairs within the policy framework and budget.

2.3.2 Cabinet decisions can be delegated to a committee of the Cabinet, to individual Cabinet Members or to Officers. The Cabinet is responsible

for establishing protocols to ensure that individual Cabinet Members consult with relevant Officers before taking a decision within their delegated authority. In so doing, the Member must take account of the legal and financial liabilities and risk management issues that may arise from the decision.

- 2.3.3 The Cabinet shall consider the Council Tax base and make a recommendation to Council to enable it to be set by the statutory date and shall consider the draft budget and make recommendations to the Council to enable the Council to approve the budget and set the Council Tax by the statutory date.

## **2.4 Overview and Scrutiny Committees**

- 2.4.1 Overview and Scrutiny committees are responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding the Cabinet to account. Overview and Scrutiny committees are also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

## **2.5 Audit Committee**

- 2.5.1 The Audit Committee is an advisory body reporting, as appropriate, to Full Council. It is responsible, on behalf of Full Council, for ensuring that best practice governance arrangements are applied throughout all services. Specifically the Audit Committee is responsible for matters in relation to Internal Audit, Financial Management Controls, Risk Management and the External Audit service. It has a right of access to all the information it considers necessary and can consult directly with internal and external auditors.

## **2.6 Standards Committee**

- 2.6.1 The Standards Committee is appointed by the full Council and is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising the Council on the adoption and revision of the members' code of conduct, and for monitoring the operation of the code.

## **2.7 Head of Paid Service (Chief Executive)**

- 2.7.1 The Head of Paid Service is the Chief Executive and is responsible for the corporate and overall strategic management of the Council as a whole. He/she has responsibility for establishing a framework for management direction, style and standards, and for monitoring the overall performance of the organisation. He/she must report to and provide information for the Cabinet, full Council and the Scrutiny committees.

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

2.8.1 This post, as defined in Article 13 of the Constitution, has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Local Government Act 1972 (Section 151)
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Accounts and Audit Regulations 2003

2.8.2 The Section 151 Officer shall, for the purposes of Section 151 of the Local Government Act 1972, be responsible for the proper administration of the Council's financial affairs and report to the Council, the Cabinet and the relevant Cabinet Member on the discharge of this responsibility. This includes:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising the Council, the Cabinet, the Overview and Scrutiny Committees, Regulatory Committees and Management Board on all financial matters affecting the Council;
- Supporting and advising Officers in their operational roles;
- Leading and managing an effective and responsive financial service.

2.8.3 The Section 151 Officer has a statutory responsibility for ensuring that adequate systems and procedures exist to account for all income due and expenditure disbursements made on behalf of the Council and that controls operate to protect the Council's assets from loss, waste, fraud or other impropriety. The Section 151 Officer shall discharge that responsibility in part by the issue and maintenance of Financial Processes and Operational Procedures with which all members and staff of the Council shall comply.

2.8.4 The Section 151 Officer is the 'responsible financial officer' for the purposes of Sections 114 and 114A of the Local Government Finance Act 1988 (as amended) and the Accounts and Audit Regulations 2003.

2.8.5 Section 114 requires the Chief Finance Officer to make a report and inform the external Auditor if it appears that the Council or a committee or Officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure;
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;

- Is about to make an unlawful entry in the Council's accounts.

Section 114A makes equivalent provision in respect of actions taken by or on behalf of the Cabinet. Under both sections the report must be sent to every councillor as well as to the external auditor.

2.8.6 Section 114 of the 1988 Act also requires: -

- The Section 151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally.
- The Council to provide the Section 151 Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under Section 114 and make similar arrangements for the purposes of the Accounts and Audit Regulations 2006.

2.8.7 The section 151 officer will report identified breaches of the Financial Regulations to the Audit Committee where such instances expose the Council to unacceptable risks or financial loss. Chief Officers will be informed of all identified breaches within their service area.

2.8.8 The Section 151 Officer shall ensure that Members and Officers receive appropriate support from relevant finance staff, even where a strategic partner provides such support.

## **2.9 Monitoring Officer**

2.9.1 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct by both members and officers and therefore provides support to the Standards Committee. He/she is also responsible for the reporting of any actual or potential breaches of the law or maladministration to the Full Council and/or Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

2.9.2 The Monitoring Officer, in conjunction with the Chief Executive and Section 151 Officer, has responsibility for advising Cabinet or the full Council on whether a decision is likely to be contrary to or not wholly in accordance with the Council's budget and policy framework. Such decisions might include: -

- Initiating a new policy without specific budget approval.
- Committing expenditure in future years above the approved budget level.
- Incurring expenditure in future years without proper approval of virement.
- Causing total expenditure to increase beyond a specified level.

## **2.10 Service Heads**

2.10.1 Service Head is the term relating to the senior manager responsible for a specific service area and is directly accountable to a Chief Officer.

## **2.11 Chief Officers**

2.11.1 Chief Officers are fully accountable to the Chief Executive and Cabinet for the financial management of the activities of their Directorates. They are responsible for ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed with the Section 151 Officer.

2.11.2 Chief Officers may delegate aspects of their Financial Management responsibilities to Service Heads in writing. The Section 151 Officer must be advised on such delegation. In turn, a Service Head may delegate aspects of their financial management responsibilities to other senior managers, including the specific designation of 'Budget Managers' and 'Budget Supervisors'. Records must be kept of such delegations.

2.11.3 Chief Officers are individually responsible for the proper stewardship of all the resources allocated to them. However, it is noted that there is shared responsibility for some assets, which are managed centrally or in pooled/partnership arrangements.

2.11.4 It is the responsibility of Chief Officers and Service Heads to consult with the S151 Officer and the Monitoring Officer and seek approval on any matters liable to affect the Council's finances materially, before any commitments are incurred. They are also responsible for providing the Section 151 Officer with any information relating to the services under their control required to fulfil the duties of the Section 151 Officer.

2.11.5 Chief Officers and Service Heads are responsible for ensuring that staff under their control are aware of and comply with Financial Regulations and Processes and monitoring and reporting any non-compliance by either staff or partners.

## **2.12 Other Roles with Financial Responsibilities**

2.12.1 A Budget Manager is an officer with the overall responsibility of managing the commissioning of direct service for an area. This responsibility is specifically delegated to this officer by either a Chief Officer or Service Head using the standard 'Approval of financial delegation' form. A Budget Manager cannot delegate the overall responsibility for managing the budgets under their jurisdiction. A Budget Manager must be an officer of the Council.

2.12.2 A Budget Supervisor is an officer who supervises a budget on behalf of a senior officer / budget manager. This must be delegated using the standard "Approval of financial delegation' form. Accountability for the budget remains with the budget manager, as this cannot be delegated.

A budget supervisor can be an officer of the Council or one of the Council's Partners.

2.12.3 A Project Manager, in relation to capital, is the budget manager responsible for delivering a capital project.

### **2.13 Emergency Procedures**

2.13.1 Nothing in these Financial Regulations shall prevent expenditure being incurred where an emergency or disaster potentially involving destruction of, or danger to, life or property occurs or is imminent. Where in the opinion of the relevant Chief Officer the urgency of the situation will not admit delay, necessary expenditure may be incurred. The Chief Officer should where possible consult the relevant Cabinet Member, Chief Executive and the Section 151 Officer. Action under this Financial Regulation shall be reported at the next available meeting of the Management Board, Cabinet, and Audit Committee.

## **3.0 FINANCIAL PLANNING**

### **3.1 Introduction**

3.1.1 Financial planning enables the Council to deliver its priorities through the allocation of resources to services.

3.1.2 The revenue budget provides an estimate of the annual income and expenditure requirements for all services and sets out the financial implications of the Council's policies. It provides Service Heads with authority to incur expenditure and a basis on which to monitor the financial performance of the Council.

3.1.3 Capital expenditure is an important element in the development of the Council's services since it represents a major investment in new and improved assets that will benefit the Community for a number of years.

### **3.2 The Policy Framework**

The full Council will be responsible for agreeing the Authority's policy framework and budget, which will be proposed by Cabinet. In Terms of financial planning, the key elements of the process are the Corporate Plan and the Medium Term Plan. The Medium Term Plan includes:

- Directorate Business / Service Plans;
- The financial strategy
- Medium term financial plan
- Revenue budget;
- Capital strategy and capital programme;
- Asset Management Plan

The policy framework also includes the many statutory performance plans that the Council must prepare e.g. the Community Strategy.

### **3.3 The Corporate Plan**

The Chief Executive is responsible for proposing the corporate plan to the Cabinet for consideration before submission to the full Council for approval. It will contain a statement of the priorities of the Council, and will draw on the content of the Community Strategy.

It will be a requirement of the Council that each planned item of expenditure, whether revenue or capital, shall be intended to further one or more of the Council's stated priorities or, if that is not the case, shall be required to discharge a specific statutory obligation on the Council.

### **3.4 The Medium Term Plan**

3.4.1 The Medium Term Plan is the key tool in ensuring that the Council's resources are used in accordance with its decisions. It includes service and financial planning over a timeframe of a minimum of three years.



3.4.2 Chief Officers and Service Heads are responsible for the preparation of these plans, which reflect the Council's priorities as shown in the Corporate Plan. They must be produced in conjunction with the Capital and Revenue Budgets and each of these plans must support the others.

### **3.5 Business / Service Plans**

3.5.1 Chief Officers, through their Service Heads are responsible for preparing a minimum of three-year service/business plan, detailing the resources, financial and non financial, needed to deliver the Council's priorities.

### **3.6 The Financial Strategy**

3.6.1 The Section 151 Officer will be responsible for ensuring that a Financial Strategy covering a minimum of five years is prepared and updated at least annually for consideration by the Cabinet and approval by the Council. The Strategy will be consistent with, and designed to further the achievement of, the Council's priorities. This strategy should cover both capital and revenue.

3.6.2 A Medium Term Financial Plan that turns the Strategy into practice must be prepared for at least a three-year period including the next financial year. This should be updated regularly throughout the year as events and the budget timetable dictate.

### **3.7 The Medium Term Financial Plan**

3.7.1 The Chief Executive and the Section 151 Officer must jointly report Medium Term Financial Plans to Cabinet. The Section 151 Officer will determine the format and timetable of the medium term forecast, subject to any overriding requirements of the Cabinet.

3.7.2 Each Chief Officer with their Service Head shall prepare a medium term forecast annually, for capital and revenue budgets, in consultation with the Section 151 Officer, for submission to the appropriate Cabinet member and to the Cabinet. These plans will cover all services assigned to their area of responsibility. Such forecasts should be developed as an integral part of the Council's overall service planning process.

3.7.3 Each Service Head shall include the financial effects of:

- Future year budgets at current service levels
- Known pressures
- Efficiency savings
- The scope for additional income generation
- Option for meeting new statutory responsibilities
- Options for the delivery of council priorities
- Options for any other proposals relating to the level of existing services or for new services.
- The impact of previous years expenditure and income patterns.

3.7.4 Each Service Head shall take into account policy priority guidelines issued by Cabinet prior to the summer recess when preparing their Medium Term Financial Plans.

### **3.8 Revenue Budget**

3.8.1 The S151 Officer will be responsible for ensuring that a Budget for at least the coming three financial years is prepared and brought forward for approval by the Council, upon recommendation of the Cabinet, on or before the statutory date for such approval. The adoption of the budget by the Council shall be accompanied by a resolution as to the level of Council Tax required for the coming financial year in order to sustain the budget.

3.8.2 Within the overall cash limited budget allocated by the Council to his/her Programme Area, each Chief Officer will set a detailed budget and Service Plan taking into account any policies, priorities, or specific allocations prescribed by the Cabinet in the determination of the budget total and Corporate Plan, and shall ensure that all cash limited budget allocations are in accordance with the Council's declared intentions.

3.8.3 Chief Officers must ensure that all fees and charges are reviewed as part of the annual budget process.

3.8.4 The first year of the Medium Term Financial Plan is the detailed Annual Revenue Budget. The revenue budget provides an estimate of the annual income and expenditure requirements to deliver service levels agreed in Business Plans for all services, and sets out the financial implications of the Council's policies. It reflects an analysis of risks for each service area and provides the Cabinet, Chief Officers and Service Heads with authority to incur expenditure, subject to rules relating to virement. In addition it provides the basis on which to monitor the financial performance of services within the year.

3.8.5 The Section 151 Officer shall report the consolidated forecast position annually to the Cabinet and then to Overview and Scrutiny Committees in line with the corporate timetable. The report shall include the level of estimated resources available during the period, together with the impact on the Council Tax level.

3.8.6 When the proposed budget for the coming year is being considered by the Cabinet and the Council, the Section 151 Officer shall advise as to what would constitute a prudent and necessary minimum level of uncommitted balances/reserves for the Council to retain, and also as to whether the budget being proposed is consistent with such a requirement. In forming such a judgement, the Section 151 Officer will take heed of any guidance from CIPFA or the external Auditor.

### **3.9 Capital Strategy**

3.9.1 Capital expenditure is an important element in the development of the Council's services since it represents major investment in new and improved assets. Each financial year the Section 151 Officer shall prepare and submit to Cabinet a Capital Strategy for the Authority. All capital expenditure and income for the authority should be undertaken in line with the agreed Capital Strategy and in compliance with the CIPFA Prudential Code for Capital Finance in Local Authorities and all prevailing statutory and professional regulations.

### **3.10 Capital Budget**

3.10.1 The S151 Officer will be responsible for ensuring that a capital budget for at least the coming three financial years is prepared and brought forward for approval by the Council, upon recommendation of the Cabinet.

3.10.2 The Capital Programme will be prepared in accordance with the Capital Strategy and Asset Management Plan of the Authority and be consistent with, and designed to further the achievement of, the Council's priorities. It should be updated as monitoring and the annual budget timetable dictate.

3.10.3 Project managers are required to prepare project appraisals including whole life capital and revenue costs for all capital projects to be included in the Council's Capital Programme. The project appraisal must be approved by the Section 151 Officer or other officer authorised by her/him before any expenditure is committed.

3.10.4 The first call on capital resources should be for schemes agreed as part of the prior year budget process and which have already commenced. Chief Officers should therefore take this into account when preparing bids for future years.

3.10.5 The S151 Officer, will propose to Cabinet a scoring scheme to prioritise capital projects and update it annually. This scheme will be used to prioritise projects within available resources and used to guide members in the setting of the capital programme.

3.10.6 The Section 151 Officer shall report to the Cabinet on the overall cost of the draft capital programme compared with the resources likely to be available to finance it in both capital and revenue terms.

### **3.11 Asset Management Plan**

3.11.1 The Asset Manager under the direction of the Section 151 Officer will be responsible for ensuring that an Asset Management Plan covering a minimum of three to five years is prepared and updated at least annually for consideration by the Cabinet and approval by the Council. The plan will be consistent with, and designed to further the achievement of, the Council's priorities.

## **4.0 FINANCIAL CONTROL**

### **4.1 Introduction**

4.1.1 Good financial control is fundamental to securing the delivery of the council's priorities. It ensures that the Council's capital and revenue budgets are monitored and action taken to avoid or manage potential overspends.

### **4.2 Budget Monitoring**

4.2.1 The Section 151 Officer will ensure that appropriate and timely financial information is available to Officers as to enable them to monitor their budgets effectively.

4.2.2 Throughout the year each Chief Officer shall be responsible for ensuring that income and expenditure are monitored monthly against budgets for which they are responsible.

4.2.3 Budget Managers are responsible for ensuring that expenditure and income are properly coded and that budget timing profiles are accurate. They are directly responsible for ensuring that spending and commitments do not exceed the latest approved budget. However, If expenditure in excess of the approved budget is incurred due to an emergency, this emergency expenditure must be reported to the Section 151 Officer and the appropriate Cabinet member(s) and, if necessary, the Cabinet as soon as possible thereafter.

4.2.4 At the start of each financial year the Section 151 Officer will set out the timescales and responsibilities of all officers involved in the process. Budget Managers are responsible for ensuring that they meet the timescales so that prompt, accurate information can be provided to members.

4.2.5 As soon as a year-end under or overspend is anticipated Budget Managers are required to provide a forecast to the S151 Officer. It is important that these forecasts are accurate so the Council can understand its true position in the current financial year and can reflect this in its decision on the budget for the forthcoming year.

4.2.6 At year-end budget managers will provide to Finance all necessary information to the timescales and in the format detailed in the final accounts procedure notes and timetable to facilitate the audit of the accounts.

4.2.7 Each Chief Officer and Service Head shall retain evidence for at least 18 months sufficient to demonstrate that they monitor on a monthly basis the outturn of income and expenditure compared to the approved Budget for their area of responsibility. The approved budget is the Original Budget used to set the Council Tax level, plus any supplementary

estimates or budgetary virements agreed in accordance with the Budget and Policy Framework (BPF) Procedure Rules.

4.2.8 The Section 151 Officer shall report the Council-wide outturn position to Management Team and Portfolio Member for Finance on a regular basis. Monitoring reports will be circulated to all members and be reported formally to Cabinet each quarter as a minimum.

4.2.9 Directorate over and under spends are primarily the responsibility of the Director. Where necessary Cabinet may approve funding from underspends elsewhere in the Authority, however Directors requesting such funding must highlight all underspends within their Directorate.

4.2.10 The outturn will be reported (provisionally) to the June Cabinet. A Directorate under spend will be reported to the July Cabinet for a decision on how it will be invested, with at least 50% being invested in the Directorate. When an under spend is allocated, it gets re-named to become a project budget, the features of which are:

- The investment of a revenue project budget will not be in support of continuing expenditure.
- When the project is complete, the budget will not be renewed.
- The project may take place over several financial years.
- Project budgets are excluded from the calculation of a year-end underspend. Where a project budget overspends, this should be met in year by the Directorate.
- Project budgets are separately identified in the Council's accounting system.

### **4.3 Overspends**

4.3.1 Directorate overspends will be reported to the July Cabinet for a decision on how they will be funded. Overspend is primarily the responsibility of the Directorate and will normally be carried forward to the following financial year. Overspends that are carried forward will be subject to an interest charge equal to the borrowing costs, to reflect the detrimental cashflow that arises from spending above budget.

4.3.2 If an overspend cannot be met from existing budgets, or new spending proposals are identified for which financial provision has not been made, and these excesses cannot be financed by virement, the matter must be reported to the relevant Cabinet Member and a supplementary estimate report must be submitted to Cabinet. Any such reports must include a financial appraisal prepared jointly by the Chief Officer or Service Head and the Section 151 Officer. If Cabinet approves the proposal it must seek approval of the full Council to proceed.

#### **4.4 Virements**

- 4.4.1 Management of services within budgets requires an ability to switch (vire) resources that reflect changes in the service levels approved in the relevant Service / Business Plan. Windfall gains are not available for virement. A virement is a transfer of budget provision either within or between budget headings. It is an important facility to assist in managing budgets effectively within a cash limit. These regulations set out the authorisations required for virement to take place.
- 4.4.2 Transfer of budgets due to a restructure or event that does not reflect a service change is a technical virement and will be authorised by the Section 151 Officer whatever the amount.
- 4.4.3 Virements within approved service plan revenue budgets may be agreed by the relevant Officer/member as detailed in the financial instructions.
- 4.4.4 Virements between staff and non-staff budgets will only be permitted in exceptional circumstances and must be authorised by the Section 151 Officer in every case.
- 4.4.5 Virements may also be authorised by other persons where there is a formal written record of delegation, approved by the relevant Chief Officer and copied to the Section 151 Officer.
- 4.4.6 Virements that create a commitment in future years require Cabinet approval and must be reflected in the budget process.

#### **4.5 Supplementary Estimates**

- 4.5.1 Where overspends cannot be accommodated by virement an application can be made for further funding. These applications are called supplementary estimates.
- 4.5.2 Supplementary estimate reports proposing to utilise Council reserves will include a clear programme (identifying Medium Term Budget structures and budgetary implications) to restore reserves to acceptable levels within 18 months. Such reports need to be agreed by the Section 151 officer and approved by full Council.

#### **4.6 Capital Monitoring**

- 4.6.1 Chief Officers through their capital project managers are responsible for managing the financial risks of their projects and must monitor income and expenditure against the in-year budget, as well as total expenditure over the life of each scheme.
- 4.6.2 Project managers shall provide monthly monitoring information, on a scheme-by-scheme basis, together with a forecast outturn including any re-phasing between years, to the Section 151 Officer.
- 4.6.3 Where forecasts identify an overspend or underspend from the approved

budget these variations should be reported promptly to the Section 151 officer along with the proposed action.

- 4.6.4 In circumstances where it is not possible to take programme changes to Cabinet or Council due to a requirement for a quick decision, the Section 151 officer in consultation with the relevant Cabinet Member will have authority to approve the decision, which must be notified retrospectively to Cabinet.
- 4.6.5 The Section 151 Officer shall report the overall capital monitoring position, and the level of resources available to finance the programme, to Cabinet on at least a quarterly basis.

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

### **5.1 Introduction**

5.1.1 It is fundamental that robust, integrated systems are in place and maintained for the identification and evaluation of all significant operational risks to the authority. This should include the proactive participations of all those associated with planning and delivering services. This is a responsibility of every manager and every service.

### **5.2 Risk Management**

5.2.1 The Cabinet is responsible for approving the Authority's Risk Management Policy and for reviewing the effectiveness of risk management. It is also responsible for ensuring that proper insurance arrangements exist where appropriate.

5.2.2 The Section 151 Officer is responsible for preparing the Council's risk management policy statement, for promoting it throughout the Council and for advising the Corporate Management Team on proper insurance cover where appropriate.

5.2.3 The S151 Officer is responsible for collating the Council's Risk Register and Business Continuity Plans and ensuring they are reported to Cabinet and the Audit Committee at least annually.

5.2.4 Chief Officers shall maintain a register of risks affecting their Directorate, including corporate risks. It is their responsibility to make sure that this is kept up to date.

5.2.5 Chief Officers, through their managers, shall apply the Council's risk management process, which will allow them to state their risk appetite.

### **5.3 Insurance**

5.3.1 The Section 151 Officer shall ensure that the Council has appropriate insurance cover in place in respect of all its assets and risks as an employer and provider of services and facilities.

5.3.2 Chief Officers and Service Heads will be responsible for ensuring that the Section 151 Officer is provided with all relevant information applicable to their Programme/Service Area, and in a timely manner, as he/she may reasonably require in order to enable him/her to discharge effectively his/her own responsibilities.

5.3.3 Where identified risks cannot be mitigated the service managers, through the Council's Insurance Service, will arrange insurance cover where appropriate.



## **5.4 Business Continuity**

- 5.4.1 Chief Officers are responsible for ensuring that business continuity plans are in place for services under their control and ensuring the continuity of these services.
- 5.4.2 Chief Officers shall give guidance on the appropriate service priorities to aid planning and recovery of services.
- 5.4.3 Chief Officers shall ensure that Business Continuity Plans are exercised appropriately.

## **5.5 Internal Control**

- 5.5.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 5.5.2 The Section 151 Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 5.5.3 It is the responsibility of Chief Officers through their Service Heads to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. Typically these would include:
  - Separation of duties
  - Schemes of delegation
  - Retention of records
  - Security arrangements
  - Risk management information and where appropriate Business Continuity Plans
- 5.5.4 At least once a year the effectiveness of the systems of internal control shall be reviewed and reported to Cabinet, who shall review and approve the Statement of Internal Control separately from the Statement of Accounts.
- 5.5.5 The Section 151 officer shall ensure that procedure notes/manuals are maintained in respect of the Council's key financial systems.

## **5.6 Audit**

- 5.6.1 The Accounts and Audit Regulations 2006 require every Local Authority to maintain an adequate and effective internal audit.

- 5.6.2 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 5 of the Audit Commission Act 1998. The Council may, from time to time, be subject to audit, inspection or investigation by other external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.
- 5.6.3 The Section 151 Officer will have overall responsibility for internal audit throughout the Council. Internal Auditors will operate as a managerial control by examining, evaluating and reporting upon the effectiveness of internal financial and operational controls and the efficient use of Council resources.
- 5.6.4 The S151 Officer shall maintain an adequate and effective Internal Audit Service. In particular the S151 Officer shall arrange for the examination, review and appraisal of:
- The soundness, adequacy and application of internal controls;
  - The safeguards for Council assets and interests from losses of all kinds arising from theft, fraud, waste, extravagance, inefficient management, poor value for money or any other cause;
  - The suitability and reliability of financial and other management data;
  - Compliance with rules, legislation, policy and procedures;
- 5.6.5 The S151 Officer shall report to the Audit Committee on the work of the Audit Service at least annually.
- 5.6.6 The S151 Officer and all Internal Audit staff have authority to:
- Enter at any time council premises or land subject to any statutory or contractual restrictions that may apply, e.g. health and safety;
  - Have access to all records, documents, correspondence, information and data relating to all areas of business of Northampton Borough Council and to remove any such records as are necessary for the purposes of their work (including that of the Council's agents and contractors);
  - Require and receive such explanations as are necessary concerning any matter under examination;
  - Require any employee or agent of the Council to produce cash, stores or any other Council property under their control.
- 5.6.7 The S151 Officer shall have unobstructed direct access and the right of report to the Chief Executive, Chief Officers, Service Heads, the Monitoring Officer, the Audit Commission, the Cabinet, the Leader, the Cabinet member with responsibility for Audit and the Chair of the Audit Committee.

## **5.7 Preventing Fraud and Corruption**

- 5.7.1 The Section 151 Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy including arrangements for gifts, hospitality and whistle blowing.
- 5.7.2 All Council staff, members, agents, contractors and strategic partners have responsibilities to protect the funds they administer on behalf of the Council. Council resources must be administered to the benefit of the taxpayer and not the inappropriate personal benefit of any of the above.
- 5.7.3 All Staff, Councillors, agents or contractors of Northampton Borough Council have a responsibility to bring to the attention of the Section 151 Officer or their Chief Officer any suspected fraud, corruption or irregularity.
- 5.7.4 The S151 Officer in consultation with internal audit or the relevant Chief Officer or Chief Executive, if appropriate, will take such steps as considered necessary by way of investigation or report. Wherever possible the Chief Officer and the officer referring concerns shall be kept informed.
- 5.7.5 Should it be found that a fraud or irregularity is occurring of a significant nature the Section 151 Officer or his/her appointed representative shall inform the Chief Executive, Leader and/or Chair of the Audit Committee where appropriate.
- 5.7.6 Where the S151 Officer concludes that sufficient prima facie evidence has been collected that indicates that a criminal act may have taken place the relevant Chief Officer and the Section 151 Officer will be consulted and the matter will be referred to the Police and/or other appropriate bodies.

## **5.8 Assets**

- 5.8.1 The Section 151 Officer, in conjunction with the Asset Manager, shall be responsible for maintaining an adequate and up to date register of all the Council's capital assets and for calculating and processing the appropriate capital financing charges in accordance with CIPFA Capital Accounting Guidelines.
- 5.8.2 Each Director and Service Head will be responsible for ensuring that the Section 151 Officer is advised promptly of all additions, deletions or other changes to the Council's portfolio of assets, such as might affect the preparation of the Council's accounts.

## **5.9 Treasury Management**

- 5.9.1 The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), and specifically adopts the key

recommendations as described in Section 4 of that code. Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies and objectives of its 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 those activities. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.

5.9.2 The Council will receive reports from the Section 151 Officer on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.

5.9.3 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

## **5.10 Staffing**

5.10.1 The Head of Human Resources, under the direction of his/her chief officer and in consultation with the Chief Executive, is responsible for determining how officer support for executive and non-executive roles within the Council will be organised.

5.10.2 The Chief Executive is responsible for providing overall management to staff. He or she will also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

5.10.3 Chief Officers are responsible for controlling total staff numbers by:

- Advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels
- Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs

## **5.11 Contracts**

5.11.1 Chief Officers and Service Heads are responsible for ensuring that all contract procedures are adhered to in the letting of all contracts, and in line with the Code of Practice for Procurement.

5.11.2 Where there are framework or other corporately agreed contracts in place, officers must use these agreements unless a waiver has been agreed by the S151 and the Monitoring Officer.

## **6.0 SYSTEMS AND PROCEDURES**

### **6.1 Introduction**

6.1.1 Sound systems and procedures are essential to an effective framework of accountability and control. The Section 151 Officer will be responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. No changes shall be made to the existing financial systems or new systems be established without the prior approval of the Section 151 Officer.

### **6.2 Information Technology/Financial Systems**

6.2.1 The Chief Officer responsible for Information Technology, through his/her Service Head, in conjunction with the Section 151 officer shall be responsible for setting the Council's IT strategy at least annually, issuing procedures in relation to the strategy including procurement of information technology.

6.2.2 The S151 Officer is responsible for the financial management systems and ensuring that they are fit for purpose. The Information Technology Service Head is responsible for the operation of the authority's accounting systems according to the requirements of the Section 151 Officer.

6.2.3 Any alterations to the existing financial systems, or implementation of new systems, must be approved by the Section 151 Officer prior to any new developments or changes taking place.

6.2.4 Any changes to information systems must have prior approval from the Information Technology Service Head.

6.2.5 Each Service Head must consult with the Head of Information Technology and the Section 151 Officer on the appropriateness of systems controls needed to achieve an acceptable level of security.

6.2.6 All Chief Officers and Service Heads are responsible for ensuring the correct procedures and statutory requirements e.g. Data Protection Act are complied with.

6.2.7 Service Heads must ensure that, where appropriate, computer and other systems are registered in compliance with data protection legislation.

6.2.8 Service Heads must also ensure that all staff are aware of their responsibilities under freedom of information legislation.

### **6.3 Scheme of Delegation**

6.3.1 It is the responsibility of each Director to ensure that a proper Scheme of written delegation has been established in their Service Area. The Scheme of Delegation should identify staff authorised to act on the Director's behalf in respect of payments, income collection and the

requisitioning of goods and services, together with the limits of their authority.

#### **6.4 Banking**

6.4.1 The Section 151 Officer will be responsible for the opening of all bank accounts in the name of, and on behalf of, the Council. No employee of the Council shall open any bank (or equivalent) account on the Council's behalf or in its name without the express agreement of the Section 151 Officer.

6.4.2 The Section 151 Officer will ensure that sound, adequate arrangements are in place for the safe and efficient operation of all its bank accounts, and will effect, or cause to be effected, proper and timely reconciliations.

#### **6.5 Salaries, Wages, Pensions and Other Emoluments**

6.5.1 The Section 151 Officer is responsible for all payments of remuneration and expenses to all staff, including payments for overtime, and for payments of allowances to Members.

6.5.2 Chief Officers are responsible for advising the Section 151 Officer of any changes to data affecting the payments in para 6.5.1 and associated matters.

#### **6.6 Creditors and Debtors**

6.6.1 The Section 151 Officer will be responsible for ensuring the operation and maintenance of effective systems for the payment of creditors and the collection of monies from debtors across the range of Council services.

6.6.2 No creditor shall be paid or debtor invoiced other than through systems operated by the Section 151 Officer or otherwise specifically approved by him/her.

6.6.3 Write-offs should only take place as a last resort after all other economic/social solutions have been exhausted.

6.6.4 Write-off authorisation level, as stated in the financial processes, must be adhered to.

#### **6.7 Income**

6.7.1 The Section 151 Officer will be responsible for ensuring that adequate systems are available, and are maintained, for the recording of all income by the Council.

6.7.2 It will be the responsibility of every employee of the Council to ensure that all sums of money due to the Council are promptly invoiced or

otherwise demanded and that all sums of money received are promptly paid into the Council's accounts.

## **6.8 Taxation**

6.8.1 The Section 151 Officer is responsible for ensuring that adequate procedures are in place and adequate advice available to Service Areas so as to ensure that the Council is at all times compliant with the specific requirements of the various tax regimes which affect its operations and delivery of services.

6.8.2 In the discharge of this responsibility, the Section 151 Officer will be responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. In appropriate circumstances (e.g. where part of this function may have been devolved to a partner organisation) the Section 151 Officer will ensure compliance with the requirements of the particular tax regimes.

6.8.3 Each Director and Corporate Manager (Service Head) will at all times conduct the financial arrangements of their services, with regard to taxation issues, in accordance with advice or instructions issued by the Section 151 Officer, and shall provide any related information or documents upon request.

## **6.9 Trading Accounts**

6.9.1 It is the responsibility of the Section 151 Officer to advise on the establishment and operation of trading accounts throughout the Council.

## **6.10 Member Reports**

All reports to member decision making bodies (other than Planning Committee or any body which is exercising quasi judicial functions), and specifically to Cabinet and Council must explicitly address financial, legal and risk implications and be agreed by the S151 Officer and the Monitoring Officer or their nominated representatives before being published.



## **7.0 EXTERNAL ARRANGEMENTS**

### **7.1 Introduction**

7.1.1 Local authorities provide an important leadership role for the community and bring together the contributions of the various stakeholders. They must also act to promote and improve the economic, social and environmental well being of their respective areas.

### **7.2 Significant Partnerships**

7.2.1 A significant partnership is one that is material in terms of the amount of money involved and/or the level or nature of service delivery concerned.

7.2.2 The Cabinet is responsible for approving the Council's participation in all significant partnerships/joint working arrangements with other public, private, voluntary and community sector organisations. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

7.2.3 The Cabinet can delegate functions - including those relating to partnerships - to specific Members or Officers. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated the Cabinet remains accountable for them to the full Council.

7.2.4 The Chief Executive, Members or other properly authorised individual will represent the Council on partnership and external bodies, in accordance with the Scheme of Delegation.

7.2.5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.

7.2.6 The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. In conjunction with the Monitoring Officer, he/she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

7.2.7 Chief Officers and Service Heads are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

7.2.8 The key control is for the Council and its partners to:

- Be aware of their responsibilities under the Council's financial management framework including procedure rules, instructions and processes.

- Ensure that risk management processes are in place to identify and assess all known risks;
- Ensure project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
- Agree the roles and responsibilities of each of the partners before the project commences.

7.2.9 The Section 151 Officer should advise the Cabinet on the following key elements:

- Scheme appraisal for financial viability;
- Risk appraisal;
- Governance arrangements;
- Resourcing, including taxation issues;
- Audit requirements;
- Carry forward arrangements;

7.2.10 Chief Officers are responsible for maintaining a schedule of all significant partnerships. A significant partnership is one that meets any one of the following criteria:

- With a value of at least £1m;
- Involves the delivery of a significant proportion of a statutory service;
- Involves the delivery of a significant proportion of one or more of the Council's priorities.

7.2.11 Service Heads are responsible for:

- Seeking advice from the Section 151 Officer and Monitoring Officer at an early stage;
- Ensuring that the approval of the Cabinet is obtained before any negotiations are concluded;
- Ensuring that all agreements and arrangements are properly documented;
- Providing information to the Section 151 Officer required for the Council's statement of accounts.

7.2.12 If financial procedures or standing orders of a partner are being followed which are not consistent with the Council's regulations Cabinet approval must be obtained. However, legislation must be complied with regardless.

### **7.3 Interests in Companies**

7.3.1 Prior to the Council, or any officer on behalf of the Council, taking an interest (e.g. membership, share holding or directorship) in a company, advice should be sought from the Monitoring Officer and the Section 151 Officer.

7.3.2 Any clauses required by the Monitoring Officer and/or the Section 151 Officer to safeguard the Council's position must be included in the company's Memorandum and Articles of Association.

#### **7.4 Voluntary Funds and Trustees**

7.4.1 A voluntary fund is any fund, which, although not officially owned by the Council, is controlled or administered solely, or in part, by an employee by reason of his or her employment by the Council.

7.4.2 Council staff or partners must not administer voluntary funds, either solely or in part in the course of their duties, unless they have been authorized to do so by a Chief Officer.

7.4.3 Chief Officers may issue such authority once satisfactory and effective systems of control are in place for the management of the fund.

7.4.4 Chief Officers may only give approval where the owners of the fund agree that the Section 151 Officer will have full access to the records of the fund and be entitled to carry out such checks as considered appropriate.

#### **7.5 External Funding**

7.5.1 The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

#### **7.6 Work for Third Parties**

7.6.1 The Cabinet is responsible for approving the contractual arrangements for any work undertaken for third parties or external bodies.

## 8.0 GLOSSARY

Accountable Cabinet Member	Cabinet Member with responsibility for a specific service area.
Anti Fraud Strategy	<b>Link to intranet</b>
Asset Manager	A senior officer who is a qualified surveyor/valuer with responsibility for managing the Council's land and buildings (other than council housing, parks and certain other specific areas) and who advises the Council on property matters.
Audit Commission	Government Body responsible for providing the external audit function for the Council.
Budget Activity Level	Each separate activity shown on one page of the Annual Revenue Budget Book.
Budget & Policy Framework	Procedure rules defined in the Council's Constitution.
Capital Strategy	The Council's strategy governing the capital programme. Link to intranet
Chief Officers	Corporate Directors are referred to a Chief Officers, also the provisions of these regulations relating to Chief Officers should also be taken to apply to the Chief Executive when exercising his/her departmental responsibilities
Corporate Governance	Policies & Procedures that will enable an officer to complete their work in a manner approved by the Council.
Corporate Managers (Service Head)	For the purposes of the Financial Regulations includes all managers who are either Corporate Managers or equivalent.
Management Board	The Chief Executive, Corporate Directors, Section 151 and Monitoring Officers, and other invited senior officers, when meeting together as a team
Medium Term Financial Plan	Multi year rolling plan linked to the Best Value Performance Plan.
Monitoring Officer	Officer appointed under the Local Government & Housing Act 1989 with responsibility for ensuring that decisions are lawful and fair and other responsibilities as set out in Part 13 of the Council's Constitution.
Outturn	Estimated year-end net financial position based on actual costs to date and known expenditure & income expected to be realised

	before period/year-end.
Overall Equalities Policy Statement	<b>Link to intranet</b>
Section 151	Section 151 of the Local Government Act 1972 requires the Council to maintain an adequate and effective system of internal control. The S.151 Officer is the designated finance officer within the Council with overall responsibility for ensuring that the Council complies with the Act.
Supplementary Estimate	The process where budgets are given additional funds where virement from within the budget cannot fully cover an overspend. SE's take funds from reserves and must be repaid at the direction of the S.151 Officer.
Technical Virement	Technical in nature i.e. asset rentals, recharges.
Virement	The approved transfer of funds between budget codes.

## 9.0 CONTACTS

TITLE	OFFICER	CONTACT
Chief Executive	David Kennedy	01604 837726
Director of Finance & S151 Officer	Isabell Procter	01604 838757
KPMG Audit Commission Manager	David Brett	0121 232 3000
PWC Internal Audit Manager	Chris Dickens	01509 604041
Head of Finance (Deputy S151 Officer)	Gavin Chambers	01604 837194
Assistant Head of Finance (Corporate Finance)	Bill Lewis	01604 837167
Assistant Head of Finance (Financial Management & Planning)	Rebecca Thomas	01604 838046
Service Head Information Technology	Dale Phillipson	01604 838273
Service Head Human Resources	Howard Crabtree	01604 838377
Income & Payments Manager	Sue Dale	01604 837501
Risk Manager	Vacant	
Insurance Manager	Michael Davis	01604 837185
Monitoring Officer	Francis Fernandes	01604 837334
Asset Manager	Simon Dougall	01604 838177
VAT Manager	Paul Hyde	01604 837505

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