



**NEWARK &  
SHERWOOD**  
DISTRICT COUNCIL

*Kelham Hall  
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Nottinghamshire  
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**Chairman: Councillor R.V. Blaney**  
**Vice-Chairman: Councillor D.J. Lloyd**

**Members of the Committee:**

**Councillor R.J. Jackson**  
**Councillor R.B. Laughton**  
**Councillor A.C. Roberts**  
**Councillor D. Staples**  
**Councillor Mrs A.A. Truswell (Opposition Spokesperson)**

**Substitute Members**

**Councillor Mrs C. Brooks**  
**Councillor P.C. Duncan**  
**Councillor T. Wendels**  
**Councillor Mrs Y. Woodhead**

**MEETING: Policy and Finance Committee**

**DATE: Thursday, 10<sup>th</sup> September 2015 at 6.00pm**

**VENUE: Room G21, Kelham Hall**

**You are hereby requested to attend the above Meeting to be held at the time/place  
and on the date mentioned above for the purpose of transacting the  
business on the Agenda as overleaf.**

If you have any queries please contact Nigel Hill on 01636 655243.

## AGENDA

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1. Apologies for Absence	
2. Declarations of Interest by Members and Officers and as to the Party Whip	
3. Declarations of any Intentions to Record the Meeting	
4. Minutes from the Meeting held on 28 <sup>th</sup> July 2015	1 – 4
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<b>Policy Items for Decision</b>	
5. Revision of Policies – Anti-Fraud and Corruption Strategy and Guidance for Dealing with Irregularities	7 - 21
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7. Council’s Annual Budget 2016/17 – Overall Strategy	29 - 60
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9. Financial Regulations	68 - 100
<b>Policy Items for Noting</b>	
10. Combined Authority and Devolution Deal	To follow
<b>Finance Items for Noting</b>	
None	
<b>Confidential and Exempt Items</b>	
None	

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of the **POLICY & FINANCE COMMITTEE** held in Room G21, Kelham Hall, Newark on Tuesday, 28<sup>th</sup> July 2015 at 6.00pm.

PRESENT: Councillor R.V. Blaney (Chairman)  
Councillor D.J. Lloyd (Vice- Chairman)

Councillors: R.J. Jackson, A.C. Roberts, D. Staples and Mrs A.A. Truswell.

SUBSTITUTE: Councillor T. Wendels for R.B. Laughton.

ALSO IN ATTENDANCE: Councillors: Mrs C. Brooks, R. Crowe, P.C. Duncan and D.R. Payne.

26. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R.B. Laughton.

27. DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

There were no declarations of interest.

28. DECLARATIONS OF INTENTIONS TO RECORD THE MEETING

The Chairman advised that the proceedings were being audio recorded by the Council.

29. MINUTES FROM THE MEETING HELD ON 9<sup>TH</sup> JULY 2015

The minutes from the meeting held on 9<sup>th</sup> July 2015 were agreed as a correct record and signed by the Chairman.

30. NEW OFFICE ACCOMODATION - RIBA STAGE D BUSINESS CASE AND DESIGN

The Director- Customers presented a report which updated Members on the proposed new offices and business case, following the completion of work on a detailed design and specification stage, the Royal Institute of British Architects (RIBA) Stage D. The business case, which was attached as an appendix to the report, addressed both the capital and revenue implications, giving comparative information so that Members could see the progression from RIBA Stage B to the current position at RIBA Stage D.

At RIBA Stage B it was predicted that the building would occupy 3643m<sup>2</sup>. This design included ground floor space dedicated to a café. However, the Council commissioned a catering consultant to examine the feasibility of including a café within the new office and the subsequent report concluded that there would be insufficient footfall at the new site to make a café commercially viable. The area which previously incorporated a café area was now being utilised for the Department of Work and Pensions (DWP) which was committed to co-locate with the Council. The RIBA Stage D designs now showed a building of 3522m<sup>2</sup>. The business case demonstrated that the return to the Council was significantly higher from the DWP's occupancy of that area, whilst affording a better customer experience from co-location with the Council.

The report set out the revenue costs/savings predicted at year one. It was reported that ongoing discussions with partners were showing significant increased revenue opportunities to those identified through a café at RIBA Stage B. The report also showed the RIBA Stage D predicted costs modelled over 5 years. This demonstrated a cumulative saving over 5 years of over £2.5m. The report also detailed the revenue implications of the planned provision at Southwell and showed the current provision at Ollerton.

A full review had been undertaken of the Council's statement of requirements for a new office between RIBA Stage B and RIBA Stage D. This review had enabled a set of clear benefits to be further clarified and this proposal offered the Council a clearer, beneficial financial and operational position.

During consideration of the Item Members requested to see details of any proposals for the use of solar panels and harvesting rainwater at the new building. In addition, Members requested officers to consider the implications of the new building on the lorry park.

AGREED (unanimously) that:

- (a) approval be given to the RIBA Stage D Business Case and design as set out in Appendix A to the report;
- (b) subject to (a) above, approval be given to submit a planning application to build the new offices;
- (c) subject to planning permission being granted, the Council enter into a competitive procurement process to identify a main building contractor; and
- (d) the new offices included within the Council's committed Capital Programme be amended to reflect the figures at RIBA Stage D, as detailed within the report.

#### Reason for Decision

To enable new purpose built offices to be built on the land adjacent to the Castle Station and deliver significant revenue savings for the Council, and to enable new offices to be built within the timescale required for vacation of Kelham Hall.

### 31. HOUSING GROWTH- ASHFIELD FARM, FARNSFIELD

The Director – Safety presented a report which outlined proposals to submit a tender bid to Barratt Homes for the acquisition of 16 new build affordable homes, forming part of the Section 106 affordable housing contribution at Ash Farm, Farnsfield.

One of the mechanisms to secure housing growth was through the acquisition of Section 106 affordable housing units, enabling the Council to intervene in the market where it was appropriate and necessary in order to ensure the delivery of affordable

housing. Traditionally Registered Providers had acquired Section 106 affordable housing units, however due to changes in housing finance for local Providers they do not have capacity within their current Business Plans to enter into negotiations for additional Section 106 units, which they had not already committed too, until 2018.

The Council was approached by Barratts in January 2015 indicating that they were unable to attract a firm offer for the social rented units from a Registered Provider. Three Registered Providers had prepared offers but these were withdrawn due to other confirmed commitments and for the reasons stated above. The Council had liaised with those Registered Providers who undertook an initial appraisal for the acquisition of the 16 social rented units and in confidence had provided the Council with outline details of their appraisals.

The report set out Barratt's estimated open market valuation, provided for community sum purposes, and an average of the various Providers' indicative offers for each unit type. Based on the average indicative offer plus a small contingency, Newark & Sherwood Homes were asked to undertake a financial appraisal to determine the return on the investment that this proposal would deliver, based on best estimates of the costs and income over a 30 year period. The outcome of this appraisal was detailed and showed a favourable return. It was noted that the acquisition of these units would meet evidenced local housing need and deliver against the Councils housing growth agenda. It would also ensure on site delivery of the Section 106 affordable housing units and negate the developer from entering into a commuted sum negotiation process.

It was proposed that the Committee consider approving, in principle, the submission of a transfer bid to Barratt Homes for the acquisition of the 16 new build affordable homes, which formed part of the Section 106 affordable housing contribution at Ash Farm, Farnsfield. The submission would be subject to on-going negotiations with Barratts, with the need to ensure that the Council achieved the best return for its investment along with maintaining a viable Housing Revenue Account Business Plan.

AGREED (unanimously) that:

- (a) the Committee approve in principle the submission of a transfer bid to Barratt Homes for the acquisition of 16 new build affordable homes, which form part of the Section 106 affordable housing contribution at Ash Farm, Farnsfield; and
- (b) subject to the completion of a satisfactory financial appraisal as detailed in paragraph 5.3 of the report, the Director – Resources/Safety be given delegated authority following consultation with the Chairman, Vice Chairman and Opposition Spokesperson of the Committee to progress the acquisition of the 16 units with Barratt Homes.

#### Reason for Decision

The acquisition of the Section 106 affordable homes at Ash Farm, Farnsfield will contribute to delivering housing growth, meet the wider strategic priorities of the Council, meet locally evidenced housing need and help maintain a viable Housing Revenue Account Business Plan.

32. EXCLUSION OF PRESS AND PUBLIC

AGREED (unanimously) that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

33. NEW OFFICE ACCOMODATION - RIBA STAGE D BUSINESS CASE AND DESIGN

The Committee considered the exempt elements of the report, and business case, as presented by the Director – Customers which included financial information relating to estimated capital costs. It was considered that these should not be disclosed because the construction of new offices and spokes would be the subject of competitive tenders.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

34. VISITOR INFORMATION CENTRE - PALACE THEATRE, NATIONAL CIVIL WAR CENTRE AND NEWARK TOURIST INFORMATION CENTRE INTERGRATION

The Committee considered the exempt report presented by the Director – Customers in relation to the integration of the Palace Theatre and National Civil War Centre – Newark Museum. The report contained details of the sums offered to complete the building works and the names of proposed contractors.

(Summary provided in accordance with 100C(2) of the Local Government Act 1972).

Meeting closed at 7.20pm.

Chairman

**REVISION OF POLICIES – ANTI-FRAUD AND CORRUPTION STRATEGY AND GUIDANCE FOR DEALING WITH IRREGULARITIES**

**1.0 Purpose of Report**

- 1.1 To present to the Committee the revised Anti-Fraud and Corruption Strategy and the Guidance for Dealing with Irregularities for approval.

**2.0 Background Information**

- 2.1 The last revision of the Anti-Fraud and Corruption Strategy and the Guidance for Dealing with Irregularities were reported to the Audit & Accounts Committee in 2012. Under the current Council Constitution, the Strategy and Guidance must now be approved by the Policy & Finance Committee.
- 2.2 The revised Anti-Fraud and Corruption Strategy and the Guidance for Dealing with Irregularities were considered by the Audit & Accounts Committee on 9<sup>th</sup> September 2015.
- 2.2 The revised documents are attached as appendices to the report.

**3.0 RECOMMENDATION**

**That the revised policies for the Anti-Fraud and Corruption Strategy and the Guidance for Dealing with Irregularities be adopted.**

**Background Papers**

Nil.

For further information please contact Nicky Lovely, Business Manager Financial Services on extension 5317.

David Dickinson  
Director Resources



**NEWARK &  
SHERWOOD**  
*DISTRICT COUNCIL*

**ANTI-FRAUD & CORRUPTION STRATEGY**

Revised: August 2015

Next revision due: August 2017



# **1. INTRODUCTION**

- 1.1 The Council recognises that the extent and nature of its services and activities means there is a risk of loss due to fraud, corruption (including bribery), theft, and the falsification, unauthorised destruction or suppression of records.
- 1.2 This Strategy applies to Members, Officers and Employees, and all Associated Persons including but not limited to: temporary workers, consultants, contractors, suppliers, agents, advisers, subsidiaries, any person or body acting for or on behalf of the Council, and individuals or bodies seeking to gain influence with the Council.
- 1.3 Any proven breach of this strategy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual(s) or body implicated, and in addition to physical loss may cause serious damage to the reputation and standing of the Council.

# **2. POLICY STATEMENT**

“Newark and Sherwood District Council is committed to the highest standards of public service, business conduct, openness, probity, accountability and honesty. As part of this commitment we will not tolerate fraud, corruption, theft, or the falsification, unauthorised destruction or suppression of records. We will vigorously and objectively investigate all allegations of such action, and pursue legal, financial, other appropriate redress, and prosecution, where merited.

A further part of this commitment will be to implement a proportionate, comprehensive, fair and balanced strategy in order to:

- develop and maintain a culture of openness, probity, accountability and honesty;
- acknowledge and understand fraud risks
- maintain appropriate levels of internal control;
- deter, prevent, detect and investigate fraud, corruption, theft and the falsification, unauthorised destruction or suppression of records ;
- seek appropriate sanctions, where justified, against individuals or bodies;
- take legal action and prosecute where considered appropriate;
- seek redress in respect of any resources involved;
- preserve assets and resources for use in the best interests of the community’.

### **3. AIMS AND SCOPE OF THE STRATEGY**

3.1 The overall aim of this Strategy is to create and maintain an Anti-Fraud and Corruption culture within Newark and Sherwood District Council, and to ensure irregularities are detected, reported and dealt with appropriately.

3.2 The specific objectives of the Anti-Fraud Strategy are to operate proportionate and appropriate measures aimed at:

- Acknowledging and understanding the areas at risk of fraud;
- Prevention;
- Detection and Cessation;
- Loss recovery;
- Admonishment and Disciplinary action;
- Prosecution and legal action.

3.3 The objectives will be achieved by:

- the Council's commitment to the creation of a workable partnership with its citizens whereby fraud, corruption (including bribery), theft and the falsification, destruction or suppression of records will not be tolerated;
- the introduction and regular review of appropriate practices within Council Policies and Codes of Practice which govern the actions of Employees, Members and "Associated persons"; and
- the Council's ongoing commitment for the provision of appropriate and adequate resources proportionate to the risk.

### **4. POLICIES**

4.1 There are a number of essential documents, policies, procedures, guidance notes and rules associated with the Anti-Fraud Strategy. It is therefore important that all Members, Employees, and where appropriate Associated Persons are made aware of them, their role in complying with them as well as the implications of non-compliance.

4.2 Core policies are incorporated into the Council's Constitution and include:

- Financial Regulations
- Council Procedure Rules
- Contract Procedure Rules
- Code of Conduct for Officers / Members
- The Whistleblowing Policy

4.3 Specific Policies, including Staff policies:

- Guidance notes for staff regarding Gifts and Hospitality
- Guidance for Dealing with Irregularities
- The Housing Benefit Anti-Fraud Strategy
- Prosecution Policy

- Data Matching Code of Practice
- Customer Care Policy
- Information, Communication and Technology:
  - Information Technology Security Protocol
  - Mobile and Landline Communication Protocol
  - Email Protocol
  - ICT Password Protocol
  - ICT Remote Access Policy
- Recruitment, Training and Discipline
  - ⊖ Recruitment and Selection Policy and Procedures
  - Staff Vetting procedure (for staff in high-risk posts).
  - Induction Pack and Training.
  - Dismissal and Disciplinary Procedure.
  - Managing Disciplinary and Grievance Toolkit
  - Grievance Procedure – Standard and Modified.
  - Dignity at Work Policy
  - Equal Opportunities Policy.

## 5. **RESPONSIBILITIES**

### 5.1 Directors

- 5.1.1 Are responsible for ensuring that all Members, Employees and relevant Associated Persons are aware of the documents applicable to them, have access to them, and have knowledge of their contents and implications.
- 5.1.2 Must act promptly in respect of any alleged breach of this Strategy, and should act in accordance with all associated Council Policies, including the Guidance for Dealing with Irregularities.

### 5.2 Business Managers

- 5.2.1 Are responsible for ensuring that Staff and Associated Persons within their service areas have access to those documents which relate specifically to their service or role.
- 5.2.2 The Annual Governance Statement Checklist which is circulated to all Business Managers requires them to confirm annually that *'staff have access to, are familiar with, and work in accordance with the following documents and take action where non-compliance is identified and report thereon as required.'* The list of documents includes this Anti-Fraud and Corruption Strategy and related Policies.

### 5.3 Members

- 5.3.1 Are responsible for ensuring they read and understand the rules and regulations which apply to them and abide by them. Any queries in relation to the interpretation of the document should in the first place be raised with the relevant Director.
- 5.3.2 Are required to declare annually any "Related third party transactions" where they could be

in a position to influence both sides of a transaction involving the Council.

#### 5.4 Employees and Associated Persons

5.4.1 Are responsible for ensuring they read and understand the rules and regulations which apply to them and abide by them. Any queries in relation to the interpretation of the document should in the first place be raised with their Business Manager or the relevant Director.

5.4.2 Specific officers are required to declare annually any “Related third party transactions” where they could be in a position to influence both sides of a transaction involving the Council.

#### 5.5 ALL Members, Employees and Associated Persons

5.5.1 Must provide all information relevant to an alleged breach of this strategy in full and without delay.

5.5.2 Full and timely assistance and information must be provided to any appropriate authority should prosecution result from an investigation..

#### 5.6 Director of Resources

5.6.1 The Director of Resources is the Responsible Officer for this strategy and associated policies and must be informed promptly of every alleged/suspected breach thereof.

5.6.2 He will ensure that all reports of alleged irregularity will be properly investigated relative to the scale and nature of the allegation, and in a timely manner.

5.6.3 He will maintain detailed records of all instances reported under this Strategy and under the Employee Guidance for Dealing with Irregularities.

5.6.4 He will ensure that an annual fraud risk assessment will be undertaken, identifying the level of risk, controls already in place and any further actions required to mitigate the risk. This will be reported to those charged with governance.

5.6.5 He will ensure that regular reports of counter-fraud activity are reported to those charged with governance.

## 6. ACTION

6.1 Formal action may be taken against anyone who fails to abide by the Strategy and related Policies, including Employees, Members, Associated Persons or any other party. This could ultimately include: the disciplining or dismissal of an Employee; sanctioning or referral to the Standards Committee in respect of Members; Police involvement and prosecution; involvement of any Authorised Body or Agency; legal action to recover losses, seek redress or other reason. The Council may terminate the contracts of any Associated Persons who are found to have breached the relevant Policy.

6.2 Where action is taken, due regard will be taken of any relevant Policies of the Council.

**6.3 Concerns raised by Employees:-**

These will be handled in conjunction with the Employee Guidance for Dealing with Irregularities.

**6.4 Concerns raised by members of the Public or other third parties:-**

- When the Council is informed of a concern, it will be referred to the Responsible Officer.
- It will be investigated to assess what action should be taken, which may be an internal enquiry or a more formal investigation.
- A formal written response will be issued summarising the concern and setting out how the Council proposes to handle the matter. The informant will be notified who is handling the matter, how to contact them, whether further assistance may be needed, and anticipated timescale. The Council will give as much feedback as possible, and will notify the informant if the concern more properly falls within another Council Policy (such as the Grievance Procedure or Harassment Policy).

6.5 The Council's Benefit Investigators will investigate potential fraud and abuse concerning Housing and Council Tax Benefits, and Council Tax Support in accordance with the Housing Benefit Anti-Fraud Strategy and this strategy.

6.6 Where necessary, the Council will work in co-operation with other authorities and organisations (such as the Police, the Department for Work and Pensions, the Council's External Auditors, Her Majesty's Revenue, Customs and Excise etc.) in order to combat fraud, corruption (including bribery) and theft.

6.7 The Council will participate in data matching exercises from time to time, in accordance with the Data Matching Code of Practice developed by the Audit Commission.

6.8 The Council operates a Customer Comments procedure to enable residents of the District to raise any concerns relating to Council services.

6.9 Disclosures concerning unlawful conduct, financial malpractice or dangers to the public or environment may be made under the Council's Whistleblowing Policy. This is primarily for major concerns where the interests of others or of the organisation itself are at risk, and which fall outside the scope of other Council procedures, such as:-

- The unauthorised use of public funds
- Possible fraud or corruption (including bribery)
- Sexual or physical abuse of both employees and clients
- Health and Safety risks
- Conduct which is a breach of the law
- Disclosures related to miscarriages of justice
- Damage to the Environment
- Other unethical conduct.

## **7. THE COUNCIL'S ASSURANCES**

- The Council is committed to this Strategy as indicated in the above Policy Statement.
- All abuse and especially persistent or planned abuse will result in consideration of legal action being taken against the individual(s) concerned.
- The Council will pursue the repayment of any financial gain from any person or body found defrauding it.
- Due importance will be given to investigating all concerns raised under this Strategy.
- Each case will be examined on its own merits, and any action taken will only occur after it has been fully and properly considered.
- Investigation and action will be timely.
- The Council and its Officers will treat everyone with fairness.
- Formal action may be taken against anyone who fails to abide by the Strategy and related Policies, including Employees, Members, Associated Persons or any other Party. This could ultimately include: the disciplining or dismissal of an Employee; sanctioning or referral to the Standards Committee in respect of Members; Police involvement and prosecution; involvement of any Authorised Body or Agency; legal action to recover losses, seek redress or other reason.
- The Council may terminate the contracts of any "Associated Persons" who are found to have breached the relevant Policy.

## **8. AFFIRMATION**

- 8.1 The Council Members positively support the introduction of this Anti-Fraud and Corruption Strategy, and it has been re-affirmed by:-
- The Policy & Finance Committee on 10<sup>th</sup> September 2015
- 8.2 The Strategy is an evolving document which will be formally reviewed every two years, or as appropriate per 8.3 below. Such review to be initiated by the Director of Resources.
- 8.3 The Director of Resources will draw ongoing anomalies to the attention of the Corporate Management Team, for onward information to the Audit and Accounts Committee and Policy & Finance Committee.
- 8.4 For any queries concerning any aspect of this strategy, please contact the Responsible Officer.

David Dickinson

Director of Resources and Responsible Officer

## APPENDIX A

### DEFINITIONS

**Corruption:** the abuse of power by a public official for private gain. Includes:

- Bribery – the offering, giving or receiving of a payment in exchange for a perceived advantage
- Bias –giving, allowing or receiving preferred treatment

A relevant function or activity where corruption could occur includes public, state or business activities or any activity performed in the course of a person’s employment, or on behalf of another company or individual, where the person performing that activity is expected to perform it legally, in good faith, impartially, or in accordance with a position of trust.

**Fraud:** a dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the District and/or the wider community. (e.g. overstatement of expenses claims, false claims for benefits).

**Theft:** the physical misappropriation of cash or other tangible assets (e.g. taking cash or equipment).

**Falsification, unauthorised destruction or suppression of records:** includes financial records, budgets and budgetary reports and all documentation of the Council, for any financial or other type of advantage. It includes deliberate omission or mis-recording of entries to relevant financial, reporting, and other records.

Fraudulent or corrupt acts may include:-

- Where a process or system is likely to be abused by either employees or public, e.g. allocation of housing
- Where individuals or companies have fraudulently obtained money from the Council, e.g. by submitting invalid invoices, or Housing Benefit fraud
- Where Council equipment is used for personal use, e.g. personal use of Council vehicles
- Where an individual is appointed without the appropriate qualifications due to falsifying an application form
- Activities undertaken by officers of the Council which may be illegal, or against the Council’s Constitution or policies, e.g. awarding a contract in return for an inducement

It may also be an offence under the Fraud Act 2006 or the Bribery Act 2010 to seek to influence or induce any other person to commit an irregular act.

This list is not exhaustive; it is intended for illustration purposes only.

**Associated Persons:** includes but is not limited to: temporary workers, consultants, contractors, suppliers, agents, advisers, subsidiaries, any person or body acting for or on behalf of the Council, and individuals or bodies seeking to gain influence with the Council.



**NEWARK &  
SHERWOOD**  
*DISTRICT COUNCIL*

## **GUIDANCE FOR DEALING WITH IRREGULARITIES**

**Revised: August 2015**

**Next revision due: August 2017**



# 1. PURPOSE AND INTRODUCTION

1.1 These procedures have been set up to provide administrative guidance for employees in the event of a suspected irregularity being identified. The Council has produced an Anti-Fraud and Corruption Strategy which sets out the stance which the Council takes and the various documents produced in relation to irregularities. The Strategy applies to all Members, Officers and Employees, and all Associated Persons including but not limited to: temporary workers, consultants, contractors, suppliers, agents, advisers, subsidiaries and any person or body acting for or on behalf of the Council. The overall policy in relation to fraud and corruption is:

Newark and Sherwood District Council is committed to the highest standards of public service, business conduct, openness, probity, accountability and honesty. As part of this commitment we will not tolerate fraud, corruption, theft, or the falsification, unauthorised destruction or suppression of records. We will vigorously and objectively investigate all allegations of such action, and pursue legal, financial, other appropriate redress, and prosecution, where merited.

A further part of this commitment will be to implement a proportionate, comprehensive, fair and balanced strategy in order to:

- develop and maintain a culture of openness, probity, accountability and honesty;
- maintain appropriate levels of internal control;
- deter, prevent, detect and investigate fraud, corruption, theft and the falsification, unauthorised destruction or suppression of records ;
- seek appropriate sanctions, where justified, against individuals or bodies;
- take legal action and prosecute where considered appropriate;
- seek redress in respect of any resources involved;
- preserve assets and resources for use in the best interests of the community.

1.2 The Council has a number of Policies, Codes of Practice and Guidelines that apply to Members, Employees and Associated Persons to ensure good practice and supplement procedures. These are outlined within Section 4 of the Anti-Fraud and Corruption Strategy.

## 2. IRREGULARITIES

2.1 **Corruption**, or **bribery** as it is commonly referred to, relates to financial or other type of

advantage that is offered or requested with the:

- i) intention of inducing or rewarding improper performance of a function or activity; or
- ii) knowledge or belief that accepting such a reward would constitute the improper performance of such a function or activity.

2.2 **Fraud:** the intentional distortion of financial or other statements for personal gain (e.g. overstatement of expenses claims).

Fraudulent or corrupt acts may include:-

- Where a process or system is likely to be abused by either employees or public, e.g. allocation of housing
- Where individuals or companies have fraudulently obtained money from the Council, e.g. by submitting invalid invoices, or Housing Benefit fraud
- Where Council equipment is used for personal use, e.g. personal use of Council vehicles
- Where there is a misuse of resources, e.g. theft of building materials
- Activities undertaken by officers of the Council which may be illegal, or against the Council's Constitution or policies, e.g. awarding a contract in return for an inducement

*This list is not exhaustive, it is intended for illustration purposes only.*

2.3 **Theft:** the physical misappropriation of cash or other tangible assets (e.g. taking cash or equipment).

2.4 **Falsification, unauthorised destruction or suppression of records:** includes financial records, budgets and budgetary reports and all documentation of the Council, for any financial or other type of advantage. It includes deliberate omission or mis-recording of entries to relevant financial, reporting, and other records.

2.5 It is also an Irregularity to seek to influence or induce any other person to commit an irregular act.

2.6 An Irregularity may be made by any person, both within the Council and by third parties or other people seeking improperly to influence matters in the Council.

### 3. RESPONSIBILITIES

3.1 It is the responsibility of all staff to prevent and detect irregularities. The initial discovery of an Irregularity is often down to the alertness of either employees, third parties dealing with the Council, Members or the general public, and it is in everyone's interests to remain vigilant and alert to the possibility of irregularity.

3.2 It is everyone's responsibility to report suspected irregularities.

3.3 The Director of Resources is designated as the Responsible Officer for the maintenance and

operation of the Anti-Fraud and Corruption Strategy and the Guidance for Dealing with Irregularities.

- 3.4 These Guidance procedures are linked and complimentary to the Council's Anti-Fraud and Corruption Strategy, which should also be referred to in the event of alleged or suspected irregularity.

## 4. DETECTION AND INVESTIGATION OF AN IRREGULARITY

- 4.1 An irregularity, or inducement to commit an irregularity, may be made both from within the Council, or by an outside party.

- 4.2 **Raise your concerns:** It does not matter if you are mistaken in raising your concerns; the Council maintains policies to prevent unfair treatment of employees who raise a genuine concern in good faith. However the Council will obviously not extend this assurance to an employee who maliciously raises a matter that they know is untrue or makes an allegation for personal gain. Such an action could be construed as gross misconduct and be dealt with in accordance with the Council's Dismissal and Disciplinary Procedure.

If you do have concerns relating to the disclosure of the irregularity, because of factors such as the potential for harassment or because you feel the matter may not be dealt with properly, use of the Council's Whistleblowing Policy should be considered.

- 4.3 It is recognised that you may want to raise a concern in confidence. If you ask that your identity is protected, it will not be disclosed without your consent. If the situation arises where the Council is not able to resolve your concern without revealing your identity (for instance because your evidence is needed in court) it will be discussed with you, as to whether and how the matter can be progressed.
- 4.4 If you do not tell the Council who you are, it will be much more difficult to investigate the matter and to give you feedback. Concerns raised anonymously are much less powerful, and it is possible that they could not be considered by the Council.

## 5 DETAILED GUIDANCE

### 5.1 Initial Identification and Disclosure:

- i) Make an immediate note of your concerns, with appropriate relevant details such as names, dates, times (in general, the type of information that may be required if the matter is pursued further).
- ii) Convey your concerns to your immediate Line Manager where possible.
- iii) You may, if you feel it more appropriate, convey your concerns to the Responsible Officer (currently Director of Resources), or if you feel that this is not appropriate to the Business Manager Human Resources, the Monitoring Officer or the Chief Executive.
- iv) Where the irregularity relates to a suspected or known theft, also inform the Insurance Officer at the earliest opportunity e.g. via telephone or e-mail. This is

because speed is vital to prevent further loss and re-occurrence, and to aid investigation. This officer will ensure that all relevant areas are addressed such as building security.

A Theft Report must be completed (this is a formal document available on the Intranet and from the Insurance Officer). You must forward completed copies as soon as possible to all Officers listed on the form even if you have previously notified them by phone or e-mail. If you need advice on how to complete the form, please ask your Line Manager.

- v) On initial contact you will be informed if your concern falls within an existing Council procedure for disclosing concerns (such as the Grievance Procedure, the Harassment Policy, or the Whistleblowing Policy), and you will be advised as to what you need to do next.

## 5.2 Evaluation and Investigation:

- i) The person to whom you make the disclosure should inform the Responsible Officer and relevant Director (unless this is deemed to be inappropriate) at the earliest opportunity.
- ii) They will also undertake an initial evaluation of the details you have provided and may require further details from you.
- iii) On the basis of the initial evaluation further enquiries may be made by the person receiving the report, in conjunction with the Responsible Officer, to identify whether an investigation is appropriate and what form it should take, or they may pass the matter onto another Officer or Director for such an investigation to be undertaken.
- iv) A formal written response will be issued to you summarising your concern and setting out how it is proposed to handle the matter. You will also be notified of the officer who is handling the matter and how to contact them if they are different to whom you made the disclosure. You will be provided with as much feedback as possible throughout the process.
- v) Appropriate supporting documentation, including decisions made, must be maintained throughout by all involved.
- vi) The Responsible Officer will decide and recommend what further action, if any, is required. Such decision may be made in conjunction with other members of the Corporate Management Team, as appropriate.
- vii) It is the responsibility of the person receiving the report and the Responsible Officer to act with due speed appropriate to the nature and seriousness of the suspected irregularity, and to keep you reasonably informed of progress.
- viii) Any further detailed investigation must be undertaken with due thoroughness.
- ix) You should keep notes of all subsequent communication, discussion, etc., relating to the incident.
- x) Each case will be examined on its own merits, and any action taken will only occur after it has been properly considered.
- xi) Officers of the Council will treat everyone with fairness.
- xii) Appropriate action may be considered in relation to employees. Any disciplinary, dismissal, or criminal proceedings will be considered in accordance with the Council's Policies, including Dismissal and Disciplinary Procedures, and in accordance with the Council's Prosecution Policy.

- xiii) Similarly, appropriate action may be considered in relation to Members and Associated Persons.

### **5.3 Police Involvement, Legal Proceedings, and Involvement of other Authorised Bodies:**

- i) If it is decided at any stage that the matter should be referred to the Police, any other authorised body (for example but not limited to: Director of Public Prosecutions, Serious Fraud Office, Her Majesty's Revenue and Customs, UK Financial Intelligence Unit) or that legal proceedings of any nature should be taken, such a course of action will be made only by the Chief Executive, Monitoring Officer or S151 Officer in conjunction with the Corporate Management Team. The Leader of the Council will be informed.
- ii) If your personal property is involved, you obviously have the right to report such a matter to the police at any time.
- iii) Should you be required to give evidence in criminal, legal, or disciplinary proceedings, arrangements will be made for you to receive advice about the procedure.

## **6. CONCLUSION**

- 6.1 This Guidance is an evolving document which will be formally reviewed every two years, or as appropriate per 5.2 below. Such review to be initiated by the Director of Resources.
- 6.2 The Director of Resources will draw ongoing anomalies to the attention of the Corporate Management Team, for onward information to the Audit and Accounts Committee.
- 6.3 For any queries concerning any aspect of this Guidance, in the first instance please contact the Business Manager Financial Services or the Responsible Officer.

David Dickinson  
Director of Resources and Responsible Officer  
August 2015

**ENTERPRISE ZONE STATUS PROPOSAL**

**1.0 Purpose of Report**

1.1 This report is to be submitted to the Economic Development Committee on 9<sup>th</sup> September for recommendation to the Policy and Finance Committee. The report is attached, although the recommendation will not be reviewed by the Economic Development Committee until 9<sup>th</sup> September 2015. This report provides information regarding a proposal to submit an application for Enterprise Zone status which includes the Thoresby Colliery Site and a possible extension to the Sherwood Energy Village in New Ollerton.

**2.0 Background Information**

2.1 Developers and partners in Nottinghamshire have long held ambitions for the regeneration of former industrial and coalfield sites in the County and for the extension of the successful Robin Hood Line from Mansfield to Ollerton. The recent closure of Thoresby Colliery has given added impetus to proposals to link these two ambitions into a comprehensive growth package that will deliver a major jobs and infrastructure boost to parts of north Nottinghamshire.

2.2 The proposal is being co-ordinated through Nottinghamshire County Council and the Local Enterprise Partnership Board will make a decision on which proposals are submitted for further development by 18th September.

**3.0 The Proposal**

3.1 Four sites have been identified as part of the proposed Robin Hood Line Enterprise Zone, these are:

- Summit Park, Ashfield
- Berry Hill, Mansfield
- Former Thoresby Colliery
- Extension to Sherwood Energy Village, Ollerton

3.2 The full report to the Economic Development Committee is attached as Appendix A.

**4.0 RECOMMENDATION**

**That the Committee supports the proposal to submit an Enterprise Zone proposal as identified in the attached paper.**

**Reason for Recommendation**

To provide support for growing business in our district and to create jobs in an area of the district where there is higher unemployment.

Background Papers

None.

For further information please contact Julie Reader-Sullivan on ext 5258

Andy Statham  
Director – Communities

**ENTERPRISE ZONE STATUS PROPOSAL**

**1.0 Purpose of Report**

1.1 This report provides information regarding a proposal to submit an application for Enterprise Zone status and includes the Thoresby Colliery Site and a possible extension to Sherwood Energy Village in New Ollerton.

**2.0 Background Information**

2.1 Developers and partners in Nottinghamshire have long held ambitions for the regeneration of former industrial and coalfield sites in the County and for the extension of the successful Robin Hood Line from Mansfield to Ollerton. The recent closure of Thoresby Colliery has given added impetus to proposals to link these two ambitions into a comprehensive growth package that will deliver a major jobs and infrastructure boost to parts of north Nottinghamshire.

2.2 In the June 2015 Budget, reference was made to the New Stations Fund being reopened. The statement explicitly referenced Edwinstowe and Ollerton as being likely beneficiaries of this fund, underlining the fact that the Government is likely to be supportive of proposals to bring the line back in to service. The D2N2 LEP has also encouraged the County Council and its partners to develop a proposal, with a view to submitting a bid to a future round of the Growth Deal (likely to be announced in the Comprehensive Spending Review in November).

2.3 The June 2015 Budget was also used to announce a new wave of Enterprise Zones in England, focussed on multi-site zones in rural areas and smaller conurbations (explicitly not larger cities). Local Enterprise Partnerships have been asked to put forward Enterprise Zone proposals by 18th September, with an initial deadline of 14th August for expressions of interest.

**3.0 The Proposal**

3.1 Four sites have been identified as part of the proposed Robin Hood Line Enterprise Zone. These are:

- Summit Park, Ashfield
- Berry Hill, Mansfield
- Former Thoresby Colliery
- Extension to Sherwood Energy Village, Ollerton

3.2 The sites will deliver in excess of 4,200 jobs over a 10-15 year period, and will be designed to focus on advanced manufacturing and engineering, light industry and logistics. The sites will be brought to market in phases, with the Mansfield sites in the first 1-3 years, followed by the sites in Newark and Sherwood. A mix of business rate discount and enhanced capital allowances will be used to ensure that the Enterprise Zone is flexible and responsive to the demands and opportunities of individual sites within it. Business rate growth from the first sites will be reinvested to bring forward sites in the later phase.



- 3.3 At the heart of this proposal is the Robin Hood Line and plans to re-open it to passenger traffic to Warsop, Edwinstowe and Ollerton. The reopening of this section of the line will significantly improve access to the proposed employment sites in Newark and Sherwood whilst also boosting access to jobs and improving commuter routes within the Nottingham and Sheffield travel to work areas. Further potential extensions to the Robin Hood Line, to the south of Ashfield, using existing mineral lines (including to the HS2 station at Toton) would provide access to a wider local workforce as well as dramatically improving national connectivity for the proposed EZ's future businesses.
- 3.4 Prior to the Enterprise Zone announcement, the County Council, Newark and Sherwood and Mansfield District Councils and Harworth Estates had already been working on a business case for the Robin Hood Line extension. A sound, viable proposition that delivers jobs and housing growth will be essential for any bid for Growth Deal capital funds. This work initially focussed only on sites that could be directly linked to the extended section of the Robin Hood Line, and includes development (both housing and employment) opportunities in Warsop, Edwinstowe (Thoresby Colliery site) and Ollerton (former West Tip and Sherwood Energy Village).
- 3.5 A meeting has taken place with Harworth Estates where they outlined their wider aspirations for the area. Whilst the detail behind some of these aspirations has not yet been forthcoming, the overall ambition aligns largely with the view of re-opening of the Robin Hood Line and thus acting as a catalyst for growth. Harworth Estates have not yet had formal discussions with Newark and Sherwood District Council.

#### Next Steps

- 3.6 The D2N2 LEP co-ordinated the submission of expressions of interest from across the area by the Government's deadline of 14th August. In advance of that, D2N2 requested a short statement outlining Enterprise Zone proposals by Monday 10th August, with more detailed information by 13th August.
- 3.7 It is anticipated that other bids for Enterprise Zone status will be submitted by Derbyshire County Council and, potentially, other districts in Nottinghamshire.
- 3.8 A final report will be submitted by an external organisation regarding the proposals for Nottinghamshire and Derbyshire by 7<sup>th</sup> September. D2N2 Board will request a decision on the Enterprise Zone proposal(s) it wants to support at its Board meeting on 14th September and these will then be submitted to Department for Communities and Local Government (DCLG) for further consideration.
- 3.9 Notwithstanding the outcome of any Enterprise Zone submission, Nottinghamshire County Council will continue to work with the District Councils concerned on the Robin Hood Line extension with a view to submitting a bid for capital funds to support the re-opening of the line from the Growth Deal, as and when the process for doing so becomes clear.

#### **4.0 Equalities Implications**

- 4.1 The report outlines measures being taken which support those seeking employment and developing businesses.

## **5.0 Impact on Budget/Policy Framework**

5.1 It is not possible to quantify the impact on the budget at this early stage.

## **6.0 Comments of Director - Resources**

6.1 The implementation of an Enterprise Zone in the District could have a significant impact on the amount of Business Rates collected. Businesses within an Enterprise Zone can receive 100% discount on business rates for five years, up to a total of £275,000 per business. This would equate to a loss to the Council of up to £110,000 per business. This concession applies to both new businesses starting up within the Enterprise Zone and to businesses relocating there.

6.2 The government's current proposal for Enterprise Zones includes that any growth in business rates within them up until 2038 is retained by the Local Enterprise Partnership for reinvestment in local economic growth. This proposal is subject to consultation.

6.3 Therefore, if existing businesses within the District relocate to the Enterprise Zone we would lose our share of the business rates income currently collected from them for five years. Any growth in business rates could also be lost to the Council up until 2038. Similarly if new businesses were going to relocate to the Newark area, but instead choose to go into the Enterprise Zone, we would not benefit from the business rates growth attributable to them.

6.4 There is a further risk that the boundaries of the Enterprise Zone are such that existing businesses fall within it without relocating, resulting in further loss of income. However, government emphasis is on the creation of additional growth, new businesses and new jobs, and it therefore favours sites with little or no existing business occupancy.

6.5 Reduced business rates income will have an impact on the revenue budget, and will also have a knock-on effect on the Nottinghamshire Business Rates Pool, reducing the pool retained surplus which is to be used to support the proposed Combined Authority and local economic growth.

6.6 The proposal to extend the Robin Hood Line and the implementation of an Enterprise Zone, could result in people both relocating to the District or commuting to work here. Whilst this is a positive effect, there are implications to the Council in providing supporting infrastructure.

## **6.7 Comments of Deputy Chief Executive – Planning Business Units**

6.8 Proposals to help create new jobs and encourage regeneration are to be welcomed particularly in areas of Newark and Sherwood where the priority of the District Council has been to support regeneration of former coal mining communities. The reopening of the Robin Hood Line would be particularly welcomed as it would provide much improved transport links into and out of the area. At present the Planning Business Units have not seen any of the detailed proposals for Enterprise Zones (EZ) in Newark & Sherwood and therefore these comments should be viewed in this context.

- 6.9 One of the key attractions of EZs is that they simplify the planning regime within their boundaries. To enable EZs to deliver this the District Council would be required to prepare a Local Development Order (LDO) which would set out what development could be allowed without the need for individual planning consents or more likely once certain conditions had been met.
- 6.10 Careful consideration needs to be given to the suitability of designating the former Thoresby Colliery as an EZ site where development is controlled by an LDO. The principal concern would be the environmental considerations which need to be taken into account in the area around the site. The Colliery site is surrounded on three sides by a network of local, national and international wildlife designations. The Birklands & Bilhaugh Special Area of Conservation, the most sensitive of these, is protected by the provisions of the Habitats Regulations and applications which impact on it are required to demonstrate they do not have negative impact on the reasons for its designation. It may be given the proximity to the site (which is also a Site of Special Scientific Interest and in part a National Nature Reserve) that many forms of development could not be exempted from the need to prepare Planning Applications and accompanying Environmental Impact Assessments and demonstration of the developments compatibility with the Habitat Regulations. Indeed a LDO cannot grant planning permission for development which is likely to have a significant effect on a Special Area of Conservation. Therefore in that sense the actual impact of designating a LDO may be limited.
- 6.11 In addition to the current nature conservation designations which exist in the Sherwood area the status of the Woodlark and Nightjar populations which are considered significant enough to warrant the designation of a Special Protection Area over much of the north west of the district would also need to be considered as part of designation of an LDO. The process of resolving this matter has been delayed for a number of years because of a review of processes by the Joint Nature Conservancy Council however Natural England require a precautionary approach to the issue to be followed.
- 6.12 It is likely that the Colliery will also be the subject of a restoration condition. The County Council as Minerals & Waste Planning Authority will need to consider the impact of any EZ on this condition.
- 6.13 In terms of Sherwood Energy Village, it is worth noting that much of the site benefits from planning permission, the only residual areas are those which we protect under the current plan for future transport use (i.e. a new station as part of the Robin Hood Line extension) and as public open space.
- 6.14 In considering any proposals for an EZ the impact on the existing planning strategy for the District needs to be considered; particularly in the context of any future housing and employment land requirements. Greater requirements could have an impact in other locations in the district, especially if large numbers of dwellings were proposed. The impact on existing infrastructure and future infrastructure requirements should also be considered. The most appropriate way for such proposals to be pursued would be through the Plan Review process.
- 6.15 The next steps in the process of developing the EZ concept the issues identified above need to be carefully considered. Redevelopment of Thoresby Colliery and the economic benefits that such a scheme could bring may be more effectively delivered outside of the framework of an EZ and LDO.

**7.0 RECOMMENDATIONS that:**

- (a) the Committee supports the proposal to submit an Enterprise Zone proposal as identified in this paper; and**
- (b) the Committee recommends this proposal for consideration by the Policy & Finance Committee.**

**Reason for Recommendations**

To provide support for growing business in our district and to create jobs in an area of the district where there is higher unemployment.

**Background Papers**

None

For further information please contact Julie Reader-Sullivan on ext 5258

Andy Statham  
Director – Communities

**COUNCIL'S ANNUAL BUDGET 2016/17 – OVERALL STRATEGY**

**1.0 Purpose of Report**

- 1.1 To introduce the Annual Budget Strategy for consideration by Members before detailed work commences.

**2.0 Introduction**

- 2.1 The Council's Constitution sets out the process for developing the Council's Annual Budget.

- 2.2 The process requires that the Council's Section 151 Officer (the Director – Resources) presents a report on the overall budget strategy to the Policy and Finance Committee. This report is to cover such considerations as:

- (i) the form of budget presentation
- (ii) levels of inflation for pay and prices
- (iii) average level for increases in fees and charges.

- 2.3 The Policy and Finance Committee is then required to consider the report of the Director – Resources and to approve the budget strategy for the forthcoming financial year.

- 2.4 The report also considers the financial policies previously approved by Cabinet.

**3.0 2015/16 Revenue Budget Update**

- 3.1 In setting the Revenue Budget for 2015/16, Members agreed a budget strategy to deliver savings through the following:

- Collaboration with other authorities
- Devolution to town and parish Councils
- Alternative management arrangements, such as trusts and local authority companies
- A more efficient asset base (primarily by relocating to more efficient offices)

These savings are in the process of being achieved and the budget for 2015/16 remains a robust estimate. Some of the savings delivered through these strategies will be delivered over more than one financial year and so will contribute to delivering the revenue budget in future years.

- 3.2 When the Council's Medium Term Financial Plan was approved in March 2015, the Plan identified the latest estimate of the budget for the current year and the following 4 financial years. The savings total £2.6m over 4 years, with more than £1.5m needing to be found in 2016/17. These savings are based on estimates of Government Grant and retained business rates as explained further later in the report. The savings required are shown in the table below:

	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
Savings Level	1,521,740	144,620	381,600	891,880
Cumulative	1,521,740	1,377,120	1,758,720	2,650,600

3.3 These savings then need to be adjusted by subsequent events and plans and these are explained in section 4.3, below.

#### 4.0 **Budget Proposals**

##### 4.1 Budget Presentation

4.1.1 The budget process will result in setting the budget and the Council Tax for 2016/17, together with the Medium Term Financial Plan covering the following 4 years. The annual revenue budget, medium term financial plan and the level of Council Tax for 2016/17 will be approved by Council at its meeting on 10<sup>th</sup> March 2016.

##### 4.2 Financial Policies

4.2.1 The Council has agreed policies on Budgeting and Council Tax, Reserves and Provisions, Value for Money and also a set of Budget Principles which set out the approach to be taken to the budget process. These policies were reviewed by the Policy and Finance Committee in September 2014. The policies and principles have been reviewed and updated where necessary and are attached as **Appendices A(i) to A(vi)**.

#### 4.3 **Financial Environment and Current Position**

4.3.1 Following the General Election in May 2015, the Government announced an emergency budget in July. This will be followed by a Comprehensive Spending Review, the results of which will be announced at the end of November. It is anticipated that the draft Local Government Finance Settlement will be announced in late December 2015. Although figures have not been announced for Government Grant for future years, the Chancellor has stated that local authorities can expect the same trajectory of cuts to Government Grants to be continued and this has been assumed in the Council's Medium Term Financial Plan (MTFP).

4.3.2 Until the draft Local Government Finance Settlement is announced in December, all figures for Government Grant are based on internal estimates. Reductions in Government grant are expected to continue. The current estimates remain unchanged from the approved Medium Term Financial Plan and are:

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Formula Grant	2,623,630	1,641,110	1,229,100	808,870	381,720

It can be seen that a reduction in grant of approximately £1m is anticipated for the next financial year. Furthermore, by the end of the life of this Council, it is anticipated that Government Grant will have substantially disappeared. However, it must be stressed that the level of Government Grant for 2016/17 will not be known until December 2015 at the earliest. At that point, it is hoped that indicative figures for future years will also be announced.

- 4.3.3 Members will be aware that the business rates retention scheme was introduced in April 2013. Councils are able to keep a proportion of the business rates revenue as well as a proportion of the growth that is generated in their area. The estimated amounts for retained business rates, excluding growth in the area, are shown in the table below:

	2015/16	2016/17	2017/18	2018/19	2019/20
	£				
Retained Business Rates	3,337,990	3,433,320	3,502,000	3,572,030	3,641,980

It can be seen that the retained business rates increases each year due to inflation and this will benefit the District Council by £95,330 in 2016/17.

- 4.3.4 Retained Business Rates Growth is now a key component of the Council's annual revenue budget. In the budget for 2015/16, income of £620,000 has been included for Business Rates Growth, and it is anticipated that this will increase to £900,000 for each subsequent year. In addition, the Council will receive approximately £400,000 per year from central Government to compensate for changes to the business rates regime announced in the Chancellor's Autumn Statement in December 2014.
- 4.3.5 Members will be aware that the level of Council Tax has now been frozen for a number of years. At this stage, it is not known whether or not the Government will continue to allocate a Council Tax freeze grant to those Councils that freeze their Council Tax in 2016/17. Furthermore, the rules on Council Tax increases and the referendum limit are unlikely to be announced until early 2016.
- 4.3.6 The position with regard to general inflation remains complex. The latest (July 2015) CPI figure for inflation shows an annual increase of 0.1%. The Bank of England forecast is for CPI inflation to remain below 2% by the end of 2016/17.
- 4.3.7 One of the major areas of the budget affected by inflation is the cost of salaries and wages. In the Chancellor's summer budget in July 2015, it was announced that public sector pay increases would be restricted to 1% per annum for the next 4 years. The medium term financial plan already included a 1% increase for pay, increments and other salary costs for each financial year. It should be noted, however, that the budget also announced an intention to introduce a National Living Wage. This will impact on the Council's budget and it will be necessary to assess the position on this as further details are announced.

## **5.0 Budgetary Pressures**

- 5.1 There will undoubtedly be budget pressures in certain areas of the budget that will lead to unavoidable increases in the budget in specific areas. The Council's budget has become more reliant on income and so may on occasions be vulnerable to reductions in the level of income, and would also potentially be vulnerable to a rise in inflation or interest rates.

5.2 The Council will also have to consider demand management in areas such as homelessness, community safety and supporting people and potentially in the following areas where budget pressures are likely to arise:

- Welfare reform
- Increased planning applications, which potentially provide increased income but also an increased workload
- Increased house building in the District gives pressure on services such as refuse collection
- Family Information Project and Anti-Social Behaviour as funding streams decline

5.3 Although there has been a clear focus on the need to deliver savings, the Council has also set priorities to develop services in certain areas. This has been through a combination of the development of facilities and assets, and identifying funds for the delivery of specific policies.

5.4 With respect to assets, the Council has developed a National Civil War Centre, is in the process of building a new Leisure Centre in Newark and is progressing the decision to move its headquarters from Kelham Hall. These are included in the Medium Term Financial Plan and all will be provided at no additional cost to council tax payers. Efficiencies in the running costs of these assets against the current asset base have been identified that will support budgets in future years.

5.5 In the March 2013 Budget, the government announced that a flat rate state pension will be introduced from April 2016. This will mean an end to employees in local government pension schemes being able to "opt out" of the state second pension and an end to the 3.4% rebate in National Insurance contributions that public sector employers currently benefit from for those employees that have opted out. This will cost the Council approximately £230,000 per year from 2016/17. This has already been included in the Medium Term Financial Plan.

## 6.0 **Budget Strategy**

6.1 Whilst there is always a need to improve efficiency and review existing budgets, the Council's budget gap is significant and should principally be addressed through strategic measures. A number of strategies were considered and approved for the 2015/16 budget as set out in 3.1 above. The current estimate for savings in these areas is:

	<b>2015/16 BASE BUDGET £</b>	<b>2016/17 BASE BUDGET £</b>	<b>2017/18 BASE BUDGET £</b>	<b>2018/19 BASE BUDGET £</b>	<b>2019/20 BASE BUDGET £</b>
Leisure Commissioning	(250,000)	(380,000)	(400,000)	(400,000)	(400,000)
Devolution & Service redesign	(260,000)	(260,000)	(260,000)	(260,000)	(260,000)
Accommodation move	0	0	(395,000)	(500,000)	(510,000)
Collaboration	(50,000)	(100,000)	(100,000)	(100,000)	(100,000)
<b>Total</b>	<b>(560,000)</b>	<b>(740,000)</b>	<b>(1,155,000)</b>	<b>(1,260,000)</b>	<b>(1,270,000)</b>



- 6.2 Each of these areas will make a significant contribution to the savings required. It is considered that these will remain central planks of the development of the budget for 2016/17 and future years. It can be seen that the savings from these strategic areas will increase over the period of the Medium Term Financial Plan.
- 6.3 With regard to collaboration with other authorities, at this stage a general savings provision has been included. This is supported by work currently being undertaken on Building Control, Sports and Arts Development, Environmental Health and Planning Administration.
- 6.4 Each year an efficiency review is undertaken to consider the potential for budget savings and for additional income to be incorporated into the budget. This review identifies sustainable savings that can continue to be delivered in future years. For 2015/16 savings of £360,000 were identified and are in the process of being delivered for 2016/17 further savings of £641,000 have been identified. These include an increased vacancy provision based on recent experience, deletion of vacant posts, such as that achieved through the merger of the Policy and Performance Business Units, savings on contracts and increased income.
- 6.5 Capital financing is regularly reviewed to ensure that borrowing is not undertaken unless it is necessary. The latest review has shown that no borrowing is necessary for the current approved capital programme. This includes the new Leisure Centre, the relocation of the Council's headquarters and the vehicle replacement programme. This reduces the capital financing budget (which shows the revenue impact of borrowing) by approximately £500k in 2016/17 and by a similar amount in future years.
- 6.6 The additional savings since the Medium Term Financial Plan was approved in March 2015 are summarised in the table below. The improvements in the Council Tax Base would also provide an effective increase in resources for the Council in addition to these savings.

**Savings additional to the approved MTFP**

	<b>2016/17 BASE BUDGET £</b>	<b>2017/18 BASE BUDGET £</b>	<b>2018/19 BASE BUDGET £</b>	<b>2019/20 BASE BUDGET £</b>
Business Rates Growth	100,000	100,000	100,000	100,000
Grant in lieu of Business Rates Growth	400,000	400,000	400,000	400,000
Efficiency Review	641,000	641,000	641,000	641,000
Capital Financing	497,140	538,920	630,470	1,044,610
<b>Total</b>	<b>1,638,140</b>	<b>1,679,920</b>	<b>1,771,470</b>	<b>2,185,610</b>
Savings per MTFP	1,521,740	1,377,120	1,758,720	2,650,600

- 6.7 It can be seen from this that the additional savings, together with the approved budget strategy, will deliver sufficient savings to develop a balanced budget, provided that individual budgets are prepared on the basis that they do not exceed the levels approved in the Medium Term Financial Plan as adjusted by the savings detailed in this report. Budget Officers have been instructed to prepare their budgets on this basis.

6.8 Members are asked to approve the budget strategy as set out in this report.

## **7.0 Risks in preparation of the budget**

7.1 Although the budget strategy will deliver a balanced budget on the basis of information known at the moment, there are risks that may cause expenditure to increase or income to reduce. Consequently income and expenditure levels will be kept under review throughout the budget process.

7.2 It is essential to ensure that the strategic budget savings are delivered as this is key to ensuring that the Council has a balanced budget. These savings will be kept under review throughout the budget process to ensure that they continue to be achieved.

7.3 Looking further ahead, there is due to be a Business Rate revaluation effective from 2017. The Department for Communities and Local Government has indicated that they will seek to ensure that individual authorities are not adversely affected by this, but there is a risk that successful appeals by Business Rate Payers will reduce both the Business Rate Baseline and the potential from growth.

7.4 The Business Rates system will then be “Re-set” in 2020. At present, it is not known what form this will take and, in particular, whether individual local authorities will continue to benefit from the growth achieved since the localisation of business rates was introduced.

## **8.0 Timetable**

The Budget Timetable is dictated by the corporate timetable for Policy & Finance and operational Committees. The essential deadline is that the Council is able to set the level of Council Tax for 2016/2017 at its meeting on 10<sup>th</sup> March 2016. Working back from this date a timetable has been drawn up and is attached at **Appendix B**. This timetable enables sufficient time for the budget proposals to be considered by operational Committees and Policy & Finance Committee and also sufficient time for the work to be completed within the Financial Services and other Business Units.

## **9.0 Basis of Budget Preparation**

9.1 As in previous years, figures for salaries and wages will be built up from the detailed base position, taking into account the numbers and salary of each employee per service. It is assumed within the Service Area budgets that the Council will employ 100% of the establishment throughout the year with the exception of known unfilled vacancies where salaries are budgeted to commence on the anticipated starting date, etc.

9.2 No allowance is made within Service Budgets for vacancies occurring during the year. Although there will inevitably be vacancies during the year, it is not known in which Business Units these will occur and so it is proposed to make an overall provision of £100,000 for vacancies in the overall budget and Business Units are expected to find the advertising costs for replacement staff within the overall staffing budget.

9.3 Other expenditure will be built up from the detailed working papers and will take account of previous expenditure levels and any known fluctuations or abnormal items of expenditure. The full year effect of 2015/16 savings will be built into the budgets for 2016/17.

## **10.0 Provision for Inflation etc**

- 10.1 In line with Government policy, it is proposed to make a provision for a 1% increase in the budget for pay for each year in the Council's Medium Term Financial Plan to include pay, increments and all other salary costs.

General Inflation:

As stated above, the latest CPI figure for inflation shows an annual increase of 0.1% (July 2015). Most forecasts show this measure of inflation remaining below the Government inflation target of 2% in the medium term. It is necessary to remember that the forthcoming budget must look ahead at least 18 months to 31<sup>st</sup> March 2017.

In order to achieve a balanced budget it is necessary to limit budgets at or below their current level therefore any inflation built into budgets will have to be met by savings elsewhere.

- 10.2 The average rate of interest used to calculate the basis for the Treasury Management budget is based on the average for all external loans currently held by the Council. Members will be aware that the majority of these loans are taken out with either the Public Works Loans Board (PWLB) or UK Banks and are fixed rate loans.

During the period of the MTFP loans will mature and will have to be replaced. This may offer opportunities to reduce the debt rate if they can be replaced with loans at a lower interest rate.

Looking at the debt profile of the Council and likely level of borrowing and repayment, the average interest rate on external debt is 4.3% and it is intended to use this in the initial budget calculations.

The average rate of interest on external debt continues to be reviewed throughout the budget process and the above rate may be varied to ensure that the most accurate interest rate possible is included in the final budget.

As stated above, the current approved capital programme can be financed without the need for any new borrowing. However, for any new schemes this will not necessarily be the case and it will be necessary to assess the extent to which new borrowing may be required.

Unlike many local authorities, the Council has not yet used any of the New Homes Bonus (NHB) to support the revenue budget. The first 2 years of NHB have been allocated to the Think BIG fund, with a further allocation to capital funding. There remains scope for further use of NHB to fund of capital schemes to reduce the revenue impact of borrowing costs.

Should there need to be any new external borrowing for General Fund related projects this will be on the basis of prudential borrowing and the cost will depend on the prevailing rates at the time the funding is needed. Any cost of borrowing will need to be included in the Council's revenue budget.

### 10.3 Debt Charges:

Debt charges are based on the existing debt of the Council plus new debt to be incurred to finance the approved capital programme if required, and is calculated in accordance with the prudential system of local government capital finance. However, Local Authorities do not in general now receive supported borrowing from Central Government. Consequently, it is unlikely that significant amounts of new borrowing can be supported from the revenue budget in future years without impacting on Council Tax levels.

### 10.4 Employer's Pension Contributions:

The latest 3 yearly actuarial review of the Pension Fund was as at the 31<sup>st</sup> March 2013. At this valuation the contributions were certified as an employer contribution due as a percentage of salary plus a minimum contribution due as a monetary amount, payable in addition to the percentage rate. The percentage rate covers future service only and the monetary amount is to cover historic deficits. Based on the actuary's report, the employer's rate of contribution into the fund is set at 12.5% for the period 2014/15 – 2016/17. The monetary sums payable are £946k (2014/15), £1,065k (2015/16) and £1,189k (2016/17). The next three year actuarial review will be carried out as at 31<sup>st</sup> March 2016 and will come into effect on 1<sup>st</sup> April 2017.

## 11.0 Increases in Fees and Charges

11.1 Members will be aware that a review of charges is considered as part of the budget process each year. With this in mind it is proposed that a **guideline** figure for increases to fees and charges should be set at a minimum of 2% for each year of the medium term financial plan. In preparing income budgets officers should have regard to this guidance and the level of CPI at the time the charges are set. Each type of income should be considered on its own merits and there should be comparative assessment with other local authorities and service providers in the area before final approval of fees and charges by Council. It is important for income levels to be considered **net** of VAT where appropriate, ie to consider the level of income ultimately received by the Council.

11.2 Fees and charges are approved by Council as part of the Council Tax setting report in March each year and implemented with effect from April.

11.3 A Corporate Charging Policy is attached at **Appendix A(iv)** and budget officers should also have regard to this guidance when considering the level of fees and charges.

## 12.0 Consultation

12.1 As in previous years, consultation on the budget will take place with the public and, as statutorily required, with the Commercial Ratepayers.

12.2 The operational committees will have the opportunity during the budget process to make suggestions to Policy and Finance Committee prior to final budget approval by the Council.

### 13.0 Capital Programme 2016 - 2021

#### 13.1 Prioritisation General Fund Schemes

- (a) The Council has a significant capital programme with the potential further development of the National Civil War Centre, the new Leisure Centre and the office relocation. For any new proposals, it will be necessary to assess the level of available resources particularly where there are significant revenue implications.
- (b) Any new scheme will initially be commissioned by the Corporate Management Team. It will then be assessed against the prioritisation criteria (see **Appendix D**). Based on this assessment a report will be prepared for submission to Policy and Finance Committee in December before final approval by Council.
- (c) Council will consider all schemes and either: a) allocate resources to enable a scheme to be carried out; b) place it on the uncommitted list pending identification of resources; or c) reject it.

#### 13.2 Prioritisation for the Housing Revenue Account

The investment programme is delivered by Newark and Sherwood Homes (NSH). The current programme reflects the latest available information agreed by NSH with the Council's Strategic Housing team. Resources for future years will reflect the ability of the Housing Revenue Account to support any necessary borrowing under the new self-financing regime which commenced on the 1<sup>st</sup> April 2012, based on the best assessment of available resources. Consideration will be given to the opportunities to build new housing under the 1-4-1 Right to Buy initiative and the possibility of bidding to increase the borrowing cap should that opportunity still be available after the current bidding round. The Strategic Housing Liaison Panel is currently reviewing the programme required to maintain the existing stock and deliver new affordable housing. It will be important to include consideration of the announcements in the summer budget relating to housing rents and sale of high value properties.

### 14.0 Conclusion

14.1 The table below summarises the current budget position as set out in this report.

	2016/17 BASE BUDGET	2017/18 BASE BUDGET	2018/19 BASE BUDGET	2019/20 BASE BUDGET	Total
	£	£	£	£	£
Savings identified to date	1,638,140	1,679,920	1,771,470	2,185,610	7,275,140
Savings per MTFP approved in March 2015	1,521,740	1,377,120	1,758,720	2,650,600	7,308,180
Savings now required	-116,400	-302,800	-12,750	464,990	33,040

14.2 The strategic approach to the budget introduced last year and developed in this report, reduces the need for savings to be delivered on individual budgets. Nevertheless, it is important for managers to continue to scrutinise budgets to ensure that services are delivered as efficiently as possible.

14.3 In light of this, Members should therefore consider a budget for 2016/17 and indicative budgets for the period of the Medium Term Financial Plan.

**15.0 RECOMMENDATIONS that:**

- (a) the overall budget strategy be approved; and**
- (b) budget officers continue work on the assessment of various budget proposals affecting services for consideration in setting the Council's budget.**

Reason for Recommendations

To enable the Council's budget process to proceed encompassing agreed inflation and salaries and wages rates for 2016/17 to 2020/21.

Background Papers

Nil.

For further information please contact David Dickinson on extension 5300, Nicola Lovely on extension 5317 or Amanda Wasilewski on extension 5331.

David Dickinson  
Director – Resources

**Policy on Budgeting and Council Tax****Introduction**

Each year the Council is required to set a Council Tax in accordance with the provisions of the Local Government Finance Act 1992. It is a requirement of the Act that the Council Tax must be set by 11<sup>th</sup> March each year.

The Council sets its Annual Revenue Budget in March each year in accordance with the provisions of the Budget Process, which forms part of the Council's Constitution.

The District Council is also responsible for collecting the Council Tax requirement (precepts) for Nottinghamshire County Council, Nottinghamshire Police & Crime Commissioner and Nottinghamshire Fire and Rescue Service and any precepts set by the Parish and Town Councils or Parish meetings within the District. All of these Councils are required to notify the District Council of their requirements before 1<sup>st</sup> March.

The District Council has no control over the level of Council Tax or precept set by the precepting bodies. This policy covers the District Council element of the Council Tax only. Nevertheless, it is recognised that public perception is influenced by the overall level of Council Tax and it can be difficult to appreciate that the requirements of the District Council form only a part of this. In fact, the District Council's spending requirements account for less than 10% of the total Council Tax bill.

The Government has powers to require local authorities setting "excessive Council Tax increases" to hold a local referendum on the level of Council Tax. The level of excessiveness is set at 2% but may be different in subsequent years.

The District Council's spending requirement includes an amount levied upon it by other bodies. For this Council an annual levy is made by the Trent Valley and Upper Witham Internal Drainage Boards. Since 2014/15, if the levies set by the drainage boards cause the Council to have an excessive increase in Council Tax this would trigger a local referendum.

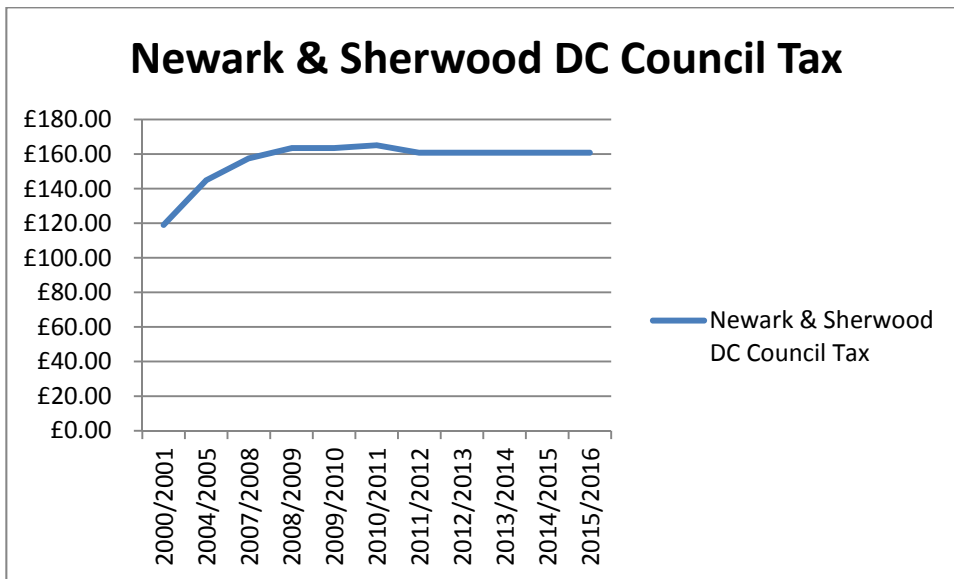
**Current Level of District Council Tax**

The District Council's level of Council Tax for 2015/2016 is £160.73 for a Band D property. This represents a council tax freeze on 2014/2015. The total bill, including all precepts, is £1,650.71 plus average Parish Precepts of £67.65.

In 2015/2016, the level of Council Tax set by Newark and Sherwood District Council ranks 91<sup>st</sup> lowest out of 201 District Councils, i.e. 90 District Councils have a lower level of Council Tax and 111 have a higher level.

**Trends Over Time**

Over time, the Council has had a policy of Council Tax keeping the level of Council Tax to a minimum. The level of Council Tax for the Council is shown in the chart below:



### **Consultation**

Newark and Sherwood District Council believes in the value of wide consultation on its budget proposals. As such, the Council will consult where there are financial decisions of public interest prior to setting the level of Council Tax. The Council will have regard to the results of any consultation. Consultation may include the following:

- Public
- Parish Councils
- Commercial Ratepayers
- Local Strategic Partnership
- Budget Working Parties
- Committees

### **Proposals**

The absolute level of Council Tax, and any annual increase, will depend on the demands facing the District Council, external funding available, and the Council's assessment of the appropriate level of Council Tax. Whilst these factors will vary from year to year, the following criteria will be taken into account when considering the level of Council Tax:

- The Aims and Priorities of the Council
- Inflation
- Consultation Responses
- The level of Council Tax considered to be acceptable to the public
- Government views on grant levels and referendum criteria
- Service demands

**Newark and Sherwood District Council aims to set the minimum level of Council Tax consistent with the achievement of its Aim and Priorities and other financial and service demands.**



**General Fund Balances and Reserves Policy**

The Local Government Act 2003 requires all Councils to maintain adequate balances, reserves and provisions to help ensure that their activities are sustainable. This policy covers General Fund Balances and separate policies cover reserves and provisions and Housing Revenue Account balances.

The Council holds General Fund balances to ensure that it has sufficient funds to manage its day to day finances and to enable the Council's financial position to remain secure in the event of unforeseen circumstances.

In 1990, the Council determined that the Council should have a minimum level of General Fund balances of £2million. The current target level of balances agreed in 2013 is £2.9m (£2.2m general balance and £700k earmarked for any variations in the cost of the Council Tax Support Scheme and retained Business Rates).

The District Council's net budget for 2015/16 is £12.49m. However, the District Council will incur gross General Fund expenditure during the year of approximately £60m and must also make precept payments to the County Council, Police Authority, Fire and Rescue Service and Parish Councils. These total a further £57.27m. This gives total gross expenditure and liabilities of £117.27m. This equates to £2.25m per week.

The changes enacted by the Local Government Finance Act 2013 for the localisation of Council Tax Support and the localisation of Business Rates represent a significant transfer of risk from Central Government to Local Government. For Business Rates, reductions of 7.5% would have to be borne by the Council before a safety net comes into effect. However, the Council is a member of the Nottinghamshire Business Rates Pool, which mitigates this risk and funding would only fall by 2% before additional funding could be received if resources within the pool allowed. However, local authorities also bear all the risk of appeals by business ratepayers and these can be backdated to before the localised business rates scheme started. The Council must manage the demand for Council Tax Support, and for extra costs relating to Welfare reform. To address this risk, it will be appropriate for the level of General Fund balances to be maintained at £2.9m in line with the level at 31<sup>st</sup> March 2015. The appropriate level of balances will be reviewed each year.

**It is recommended that the District Council aims to maintain General Fund balances at approximately £2.9m.**

The Council also holds reserves for specific areas of expenditure. Each reserve has a specific purpose. They are subject to annual review by the Section 151 officer as part of the budget process and if no longer required are used for other purposes. It is proper accounting practice to maintain reserves for these purposes.

**It is recommended that:**

- a) Reserves should be subject to an annual review by the Section 151 officer;**
- b) Reserves should not be over-provided;**
- c) Reserves should be used for the purpose for which they are provided (subject to a and b above)**
- d) Reserves should not be used to support ongoing general fund expenditure (subject to recommendations a and b, above)**

## **Budgeting Principles**

The Council will prepare its budget in accordance with the following principles:

### **Council Objectives**

The purpose of the budget is to enable the Council to achieve its objectives and meet its statutory duties. In setting the budget and Council Tax, the Council will also have regard to Government requirements, including the Local Government Finance Settlement and the latest Comprehensive Spending Review.

### **Balanced Budget**

The Council is required to set a “balanced budget” with sources of funding identified to cover all expenditure proposed.

### **Affordable Budget**

In setting the budget, the Council will consider the affordability of proposals and their impact on the level of Council Tax.

### **Inflation**

The Council will have regard to the level of inflation when considering budget proposals. It may consider different indices of inflation for different purposes. For example, the retail prices index (RPI) and the consumer prices index (CPI) do not always reflect the rate of inflation faced by the Council and this may be better measured by specific indices such as those widely available for construction costs or energy.

### **Sustainable Budget**

The Council will set a budget to be sustainable over time. This will be reflected in the Council’s Medium Term Financial Plan and Capital Programme. The budget will include an overall risk assessment and will incorporate appropriate sensitivity analysis in order to ensure a robust final budget.

### **Budget Demands**

Any developments in the Council’s revenue and capital budgets will be required to go through the Council’s formal bidding process. Only those items approved as part of this will be included in the final budget.

### **Use of 3<sup>rd</sup> Party Funding**

Where third party funding is used to contribute towards the Council’s budgets, a plan is required to ensure that this element of the budget is sustainable if and when the 3<sup>rd</sup> party funding ceases. Where appropriate, an exit strategy is required.

### **Adequate Reserves and Provisions**

The Council aims to have adequate, but not excessive, reserves to cover unforeseen expenditure. Specific provisions are also in place to cover items of expenditure that are certain but where their timing is not known. Further details are set out in the policy on balances and reserves.

#### Asset Management

The Council aims to manage its assets efficiently in accordance with best practice. Full details are set out in the Asset Management Plan.

#### Council Tax Levels

In accordance with this policy, the Council aims to set the minimum level of Council Tax possible consistent with the achievement of its Aim and Priorities and other financial and service demands.

#### Value for Money

The Council aims to achieve value for money in the provision of all of its services. This is set out in the Council's Value for Money Strategy.

#### Risk Assessment

In accordance with section 25 of the Local Government Act 2004, the s151 officer will conduct an annual risk assessment of the robustness of the estimates made in the Council's budget.

#### Sensitivity Analysis

The s151 officer will carry out a review of the impact of variations to key elements of the proposed budget (a "sensitivity analysis") on an annual basis.

**NEWARK AND SHERWOOD DISTRICT COUNCIL**

**CORPORATE CHARGING POLICY**

**Revised: July 2015**

**Date of next revision: July 2016**

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## **1. Introduction**

This Policy applies to external fees and charges other than those prescribed by the government. It provides a guide to internal charging arrangements but is subject to CIPFA's 'Best Value Accounting Code of Practice' and has regard to the Audit Commission's publication "*Positively Charged*".

It is not intended to apply to the disposal of Council assets, rents, internal charges or rechargeable works, nor will it apply where charges are governed by statutory regulation or guidance.

The Policy does apply if we have discretion, but not if there is a prescribed fixed charge.

Over the period of the Medium Term Financial Plan services will align their charges and processes with this policy.

This policy must be read in conjunction with the other related Council policies and strategies, including Financial Regulations, Equalities Policy, VFM Strategy, Corporate Plan.

If after reading this Code you require further guidance or clarification, or you are not sure how best to comply with the Policy then please contact your Business Manager or the Director of Resources.

## **2. Purpose of the Policy**

To establish a policy within which fee and charge levels will support the Medium Term Financial Strategy and Corporate Plan; and,

To encourage a consistent approach to the setting and reviewing of charges for services provided by Newark and Sherwood District Council by:

- specifying the processes and frequencies for reviewing existing charging levels or introducing new charges for areas of the council's work for which charges could in principle be set;
- providing guidance on the factors that need to be taken into consideration when charges are reviewed on an annual basis;
- establishing parameters for calculating different levels of charges;
- recommending the criteria for applying concessions or discounted charges on a consistent council wide basis;
- requiring more active use of market intelligence relating to different services.

## **3. Processes and Frequencies for Reviewing Charges**

The following arrangements for reviewing charges will be applied throughout all areas of the Council where charges for services already exist or could in principle be set:

- all discretionary charges will be considered and approved by Council as part of the Budget and Council Tax setting process in March of each year.

- a major review of each business unit's charging strategy will take place at least once every three years to ensure consistency with the council's priorities, policy framework, service aims, market sensitivity, customer preferences, and income generation needs, and the justification for any subsidy that the council as a whole makes to the service.
- annual reviews will be carried out for all of these services as part of the budget process, and shall have regard for the budget strategy approved in September each year.
- where fees are not to be increased or are proposed to be increased below inflation, this must be reported to CMT by the budget officer clearly stating the financial implications and budget shortfall before the deadline for completion of the revenue budget.
- these formal reviews will be overseen by the appropriate Director.
- where decisions on fees and charges, including any concessions or discounts, are taken outside the budget process approved by CMT and Policy and Finance Committee, any proposals must have due regard to the Medium Term Financial Plan.

#### **4. Factors Relevant to the Annual Review of Charges**

Annual reviews of charges will consider the following factors:

- a. inflationary pressures generally and input costs specific to the service;
- b. any statutory framework relating to the service
- c. the actual or potential impact of any competition in terms of price or quality;
- d. trends in user demand and the forecast effect of price changes;
- e. equality and access to services;
- f. customer survey results;
- g. benchmarking results;
- h. council wide and service budget targets;
- i. cost structure implications arising from developments such as investments made in the service;
- j. consistency with other charges;
- k. alternative charging structures that could be more effective;
- l. validity of continuing any concessions;
- m. proposals for targeted promotions during the year, and evaluation of any that took place in the previous year;
- n. where less than the full cost is being recovered (including nil charges), the justification for the decision is reviewed and documented to ensure that this decision remains valid and that significant income is not being lost.

#### **5. Processes for Setting Charges for New Sources of Income**

All Business Managers should explore new business opportunities with a view to generating additional income.

All guidance in this Policy must be considered when setting new fees and charges.

A business plan must be prepared.

Any potential new income streams will need to be approved by CMT and Policy and Finance Committee.

The setting of the fees and charges must be made in accordance with the current VAT regulations.

The proposed billing and recovery administrative process must be agreed with the S151 officer prior to the charges being implemented.

A central record will be maintained by the relevant Business Manager of any decisions made not to charge for a service where a charge could be made.

## **6. Calculation of Charges**

Charges will apply to all users, and will be set at a level to maximise take-up and income targets and wherever possible covering or exceeding the full cost of providing the service in question.

It is the responsibility of the Business Manager to ensure that the proposals comply with the appropriate legal framework and any legal restrictions. Advice should be taken from the Council's Legal section before any proposal is finalised.

This calculation of full cost should be based on the direct cost of service provision including staff, supplies and services, equipment, premise costs. Overheads and capital asset depreciation charges should be included but consideration may be given to a less than full cost recovery of these elements where inclusion would distort competition.

Where less than the full cost is being recovered, the justification for the decision must be documented and retained by the appropriate Business Manager and clearly state the financial implications and budget shortfall.

All fees and charges must be calculated in accordance with the current V.A.T. regulations.

## **7. Concessionary Charges**

In some circumstances the Council will offer subsidies to all users or concessions to specific user groups where this is consistent with achieving its priorities.

Entitlement to concessionary charges must have regard to equalities legislation and is designed to reduce barriers to participation arising from:

- Age;
- Level of income;
- Family circumstances;
- Health
- Educational circumstances.

Concessions will not apply to retail sales from shops or cafes.

Concessionary charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives in its priorities and policy framework, or which contribute to the aims of key local partnerships in which the Council has a leading role.



Concessionary charges should not normally apply to peak times or in situations that would result in the loss of income from customers paying standard charges. Neither would they normally be available to organisations that are based outside of the Council's area other than on a reciprocal basis.

Only one concession can be applied to the standard charge at any given time.

Services wishing to adopt a concessionary charging scheme must demonstrate the scheme is practicable in terms of assessment, collection and evidencing for audit purposes.

## **8. Discounts**

For certain services it will be normal practice to set promotional discounts, Frequent User discounts or group Discounts.

Promotional discounts are defined as short-term charges that are targeted to increase take-up or awareness of the services that are available.

Frequent User discounts are to be used only for commercial reasons such as generating customer loyalty where alternative provision from competitors exists, and where market analysis shows a real risk of reduced income if they are not offered.

Group discounts are to be used to encourage take up by organisations able to block book and Family discounts to encourage parents and children's take up.

Discounts can be applied to both the standard charge and the concessionary charge.

Discounts can only be applied where the Service has received prior approval of the principle to apply a discount to the charge for this service.

## **9. The Use of Market Intelligence**

All managers of discretionary services for which a charge is made should take steps to identify competitors offering similar or related services, and make use of comprehensive and dynamic market intelligence in evaluating:

- their charging strategy;
- the range of services provided;
- the quality of services provided;
- their cost structure.

All managers of services for which a charge is made should consult with customers, relevant partners and stakeholders on the range, quality and cost of services provided prior to the triennial review.

Consultation should also take place with potential customers and target groups to determine improvements needed to encourage participation at least every five years.

Comprehensive and accurate usage statistics will be maintained for all services and at all facilities where charges are made, to enable analysis of usage, justification of any subsidy given by the Council, and accurate forecasting of the effect of price changes on usage.

Benchmarking should be undertaken at least annually regularly with other Councils in the local area and with relevant national groupings of authorities, to ensure that charges are at comparable levels and that significant differences are understood and justified.

**10. Further Guidance**

Charges should be payable in advance wherever possible or collected by direct debit or through the corporate income system.

All fees/charges must be reported annually to the Financial Services Business Unit as part of the budget process for publishing in the annual budget book.

All fees/charges must be published on the Councils website.

**Policy on Grants to Parish Councils**

The Local Government Finance Act 2012 localised support for Council Tax, changing from a benefit scheme to a discount scheme. Discounts have the effect of reducing the Council Tax Base, which in turn reduces the amount of Council Tax raised. To mitigate this effect the government made a grant available in 2013/14, identifying an element that related to Parish Councils. The grant was set at a level that was a reduction of 10% on the forecast cost of Council Tax benefit for 2013/14.

Newark & Sherwood District Council paid over the parish element of the grant to parish councils in 2013/14 to offset the impact of the reduction in the Council Tax Base. The total grant paid to parishes in 2013/14 was £260,000.

For the years after 2014/15, government has announced that the funding for Council Tax Support will be rolled into general grants and will not be separately identifiable.

General grants have been reduced significantly since 2010/11 and in the June 2013 spending round the government said that local government should expect funding cuts to continue on the same trajectory.

Since the parish element of grant funding for Council Tax support is no longer explicitly identified, and the Council is experiencing ongoing cuts to its own grant funding, the Council's policy is that:

From 2014/15 no further grant will be paid to parish and town councils that received less than £500 grant in 2013/14.

For all other parish and town councils, the grant paid will be reduced to zero over the three financial years 2014/15, 2015/16 and 2016/17.



**NEWARK &  
SHERWOOD**  
*DISTRICT COUNCIL*

**Value for Money Strategy**

**Revised: Sept 2015**

**Next revision due: Sept 2016**

## Introduction

Newark & Sherwood District Council recognises its responsibility to achieve value for money from all its activities, however they may be funded.

The council is committed to the pursuit of economy, efficiency and effectiveness as part of its corporate strategy. It will seek to achieve value for money in the pursuit of its objectives and in the delivery of all services.

The council has a neutral position on service delivery methodologies. It will consider all service delivery options, including in-house provision, partnerships with other public sector organisations (including shared services), partnerships with private sector organisations, and bought in services as appropriate for individual services or groups of services.

With the current focus on reducing the national deficit leading to reduced government funding, it is inevitable that the annual revenue and capital budget setting will be challenging each year. The council has a range of methodologies in place to ensure that its aims and priorities are delivered within an acceptable level of council tax. The Value for Money Strategy is a key element of this process.

## Value for Money Principles

The principles involved in achieving value for money are:

Efficiency – considering the relationship between the amount of resources used (inputs) and the level of performance.

Effectiveness – the ability to achieve stated goals or objectives, judged in terms of both output and impact.

Economy – the acquisition or use of resources of an appropriate quality at minimum cost.

There are several aspects to be considered:

- Balancing effectiveness with efficiency
- Balancing efficiency with economy
- Sustaining the funding arrangement (where this is desirable)
- Demonstrating the most appropriate use of resources

Value for money can be defined as: **the use of available resources in an efficient and economical way to deliver effective services or achieve desired outcomes.**

The council is accountable for using resources efficiently to avoid wasting public funds, but this does not mean always seeking the lowest short-term cost. Waste occurs when a service – no matter how cheap or expensive – is ineffective. Effectiveness and efficiency needs to be balanced to achieve value for money.

The costs and benefits of each arrangement must be evaluated in terms of what the council seeks to achieve.

The council will manage any risks to its own interests, and use arrangements and processes such as monitoring, review and evaluation to demonstrate effectiveness and value for money.

At the planning stage, the council should be able to justify how it intends to apply its resources. After implementation it should be able to demonstrate that the policy is having the desired effects, and that the money is not going to waste. If there are unintended outcomes from its policies the council needs to adapt its funding arrangements to take them into account.

## **Objectives**

To achieve value for money, the council will:

- target resources towards achieving the council's objectives and meeting the needs of local people;
- integrate VFM principles within existing planning, management and review processes;
- adopt recognised good practice as appropriate;
- analyse potential budget issues for the following financial year at an early stage and take a corporate approach to developing solutions;
- ensure that VFM principles are taken into account during the commissioning process;
- benchmark activities against other similar activities and organisations where appropriate;
- respond to opportunities to enhance the economy, efficiency and effectiveness of activities;
- promote a culture of continuous improvement;
- demonstrate actively to both internal and external stakeholders that the achievement of VFM is sought in all activities undertaken;
- ensure that all staff recognise their continuing obligation to seek VFM for the council as part of their activities;
- seek external funding where appropriate to support the council's services if the external funding assists the achievement of the council's objectives.

## **Methodologies for achieving VFM**

The council has a number of different methodologies that contribute to the achievement of VFM. These include:

- the Commissioning process;
- identification of growth and savings through the budget process;
- effective use of ICT (supported by the ICT Strategy);
- service reviews;
- scrutiny by service Committees;
- Audit & Accounts Committee;
- corporate procurement mechanisms (supported by the Procurement Strategy and policies);

- partnership working including consideration of shared services and public/private partnerships;
- customer feedback.

### **Responsibility for delivering VFM**

The Council is required to satisfy itself that VFM is being sought, and achieved from the use of public funds.

The responsibility for achieving VFM lies with all Members and staff and is not restricted to those with resource or financial responsibilities. All Members and staff should endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement.

Managers have the responsibility to maintain an awareness of good practices in their own area of operation and ensure that these are followed appropriately.

The corporate management team will provide a corporate overview of VFM to ensure that initiatives are not restricted to individual service areas.

The council has an expectation that bodies with which the Council has partnership arrangements and organisations in receipt of grant aid from the council will follow VFM guidelines.

2015/16 REVENUE BUDGET TIMETABLE			Appendix B	
Action	Base Budget & General Principles of Budget	Draft Budget	Draft Final Budget	Final Budget Approval & Council Tax Setting
Base budget, general principles of budget & Budget Strategy	Policy & Finance Committee 10 <sup>th</sup> September 2015			
Support Services – agree basis for recharging		11 <sup>th</sup> September 2015		
Working Papers Issued to Budget Officers		Last date 20 <sup>th</sup> July 2015		
		Budget developed with Business Managers & Committee Chairs		
Draft budgets complete – no support services allocated	30 <sup>th</sup> September 2015	30 <sup>th</sup> September 2015		
Budgets uploaded to eFinancials	6 <sup>th</sup> – 8 <sup>th</sup> October			
Co-ordination and review of first draft budget and reports prepared.	12 <sup>th</sup> – 16 <sup>th</sup> October			
First draft of budget		Economic Development Committee 25 <sup>th</sup> November 2015 (papers 4/11/15)  Leisure & Environment Committee 24 <sup>th</sup> November 2015 (papers 5/11/15)  Homes & Communities Committee 30 <sup>th</sup> November 2015 (papers 05/11/15)  Policy & Finance Committee 3 <sup>rd</sup> December 2015 (papers 11/11/15)	Policy & Finance Committee 3 <sup>rd</sup> December 2015 (papers 11/11/15)	
Support services allocated and uploaded to eFinancials		23 <sup>rd</sup> – 27 <sup>th</sup> November There may be late changes if Policy & Finance refers budgets back to Committees or change their own budget		



Final Committee budgets approved for consideration by Policy & Finance Committee 25 <sup>th</sup> February 2016			Leisure & Environment Committee 26 <sup>th</sup> January 2016 (papers 07/01/15)  Economic Development Committee 6 <sup>th</sup> January 2016 (papers 7/12/15)  Homes & Communities Committee 18 <sup>th</sup> January 2016 (papers 22/12/2015)  Policy & Finance Committee 28 <sup>th</sup> January 2016 (papers 06/01/15)	
Housing Revenue Account Budget and rent setting report				Policy & Finance Committee 28 <sup>th</sup> January 2015 to make comments to Council on 9 <sup>th</sup> February 2016 for approval. (Papers complete by 06/01/16)
Council Tax Discounts Scheme determined				Council 15 <sup>th</sup> December
Council Tax Base				Officer Decision determined between 1 <sup>st</sup> December and 31 <sup>st</sup> January
Revenue Budget Setting				Policy & Finance 25 <sup>th</sup> February 2016
Parish Council Precept information received			(up to) 29 <sup>th</sup> February 2016	
Council Tax setting				Council 10 <sup>th</sup> March 2016 (papers 02/03/15)

**CAPITAL PROGRAMME TIMETABLE 2016-2021**

<b>Date</b>	<b>Corporate</b>	<b>Council/Policy &amp; Finance Committee/Operational Committees</b>
Continuous	Possible asset disposals are identified; the likely level of receipts and the revenue implications are estimated.	Approval by Policy & Finance Committee.
April - September	CMT approve the commissioning of new schemes.	Consultation with Policy & Finance Committee and operational Committees where relevant
April - September	Appraisal forms complete for all schemes to be considered in the Capital Programme process. The Key corporate priorities to be targeted with key service plans priorities and Smart Focus.	Consultation with Portfolio holder and relevant Committee.
By 30 <sup>th</sup> September	Revenue implications of bids included in budget bids	
By 31 <sup>st</sup> October	Existing schemes are revised for timing and, where relevant, whether they can now proceed e.g. if failed to get external finance allocation is lost	Report submitted to Policy & Finance Committee in December on changes to existing programme (if necessary)
By 31 <sup>st</sup> October	Detailed appraisal using prioritisation scheme process and report produced for CMT on results of appraisal. CMT consider report and agree prioritisation it relevant	
December		Policy & Finance Committee consider draft programme based on prioritised schedule including revenue implications
January 2015		Operational Committees consider Policy & Finance Committee reports
By 31 <sup>st</sup> January 2016	Revised estimates of resources available completed including levels of Borrowing, Revenue Contribution and Capital Receipts targets.	
By 31 <sup>st</sup> January 2016	Prepare summary of comments from operational Committees for Policy & Finance Committee to consider. Includes clarification by Directors/Business Managers	
5 <sup>th</sup> February 2016	Final report produced for Policy & Finance Committee including comments from operational Committees	
25 <sup>th</sup> February 2015		Policy & Finance Committee consider revenue and capital budgets and financial implications and recommend programme to Council
10 <sup>th</sup> March 2015		Council tax setting meeting.

**NEWARK & SHERWOOD DISTRICT COUNCIL**  
**CAPITAL PROGRAMME 2016 - 2021 PRIORITISATION SCHEME**

	<b>STAGE 1 FACTOR</b>	<b>Comments</b>	<b>STAGE 2 DETAILED PRIORITISATION</b>	<b>STAGE 2 WEIGHTING</b>
1	<b>Key Priorities</b> Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.	If a scheme does not clearly relate to these areas it will not be considered further.	Each scheme to be marked as to how well it fits with the following- <ul style="list-style-type: none"> <li>• Prosperity</li> <li>• People</li> <li>• Place</li> <li>• Public Service</li> </ul>	<b>35%</b>
2	<b>Evidence of Need</b> Service Strategy National Strategy or Guidelines Statutory Obligation	In some cases local demands are in excess of national guidelines and strategies and this tries to acknowledge that the two must be balanced. This will cover Health and Safety related schemes.	The following factors will receive equal weighting :- <ul style="list-style-type: none"> <li>• Statutory Obligation</li> <li>• National Strategy</li> <li>• Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive?</li> <li>• Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence</li> </ul>	<b>10%</b>
3	<b>Partnership</b> Eligibility under existing criteria can be demonstrated.	Show that work has been done to ensure that the obtaining of external finance is realistic. The degree to which the partnership will add value to the project.	The proportion of finance which will be met by third party. The likelihood of receiving support. Assessment of the value the partner will add to the project.	<b>15%</b>

	<b>STAGE 1 FACTOR</b>	<b>Comments</b>	<b>STAGE 2 DETAILED PRIORITISATION</b>	<b>STAGE 2 WEIGHTING</b>
4	<p><b>Outputs and Outcomes</b> These have been clearly identified and can be justified from supporting evidence. Specific comments should be made as to how the scheme represents value for money when compared to other options</p>	<p>This will enable the council to improve the way it reports its work and clearly show what is being achieved. The comments should refer to any performance indicators which the proposal is addressing specifying what the improvement target is.</p>	<p>Assessment then made on what the scheme will achieve.</p>	<p><b>15%</b> Assessment of all factors or group of factors</p>
5	<p><b>Financial</b> Capital costs have been based on internal or external professional advice Revenue implications have been properly developed</p>	<p>Capital costs include both works and land purchase and cover all associated costs. Try and avoid “guesstimates” which result in schemes requiring increased finance or having to be reduced to meet finance available.</p>	<p><u>Capital</u> will be based on the quality of work which has been put into estimate. e.g. costed feasibility studies. <u>Revenue</u> will be based on whether the effect is positive, neutral or negative on the revenue budget. Positive effect scores 10 Neutral effect scores 3 Negative effect scores 0</p>	<p><b>15%</b> Capital marked 1 to 5 Revenue marked 0 to 10</p>
6	<p><b>Risk Assessment</b> Identify the level of risk in a project not being able to proceed. For example planning appeals, listed building consent. Over subscription of partnership funds</p>	<p>Try and ensure that not all schemes selected are high risk with the danger that there will be delays in delivery or no-delivery.</p>	<p>The following will all need to be considered:- Technical Issues Financial Uncertainty Partnership uncertainty Planning Issues Legal issues Timescale</p>	<p><b>10%</b></p>

**CAPITAL PROGRAMME MONITORING TO 31<sup>ST</sup> JULY 2015**

**1.0 Purpose of Report**

1.1 To enable members to monitor the progress of the overall capital programme since the last progress report on 9<sup>th</sup> July 2015. The current five year programme was approved by Council on 10<sup>th</sup> March 2015 and regular reports on progress and variations are required.

**2.0 Issues for Consideration**

2.1 **Appendix A** lists all the current schemes with expenditure to date against the latest budget approved by Policy Committee on 9<sup>th</sup> July 2015. Variations to the programme since the last report are summarised in **Appendix B** and the consequent overall financing position is shown at **Appendix C**.

**3.0 Performance Commentary**

**3.1 Housing Services**

- The spending on the Council's housing stock is in line with the original budget put forward by Newark & Sherwood Homes and approved by the Council as part of the HRA Business Plan.
- Funding has been reallocated from generic budget headings to specific schemes as needs have been identified. Some of which are not yet reflected in the expenditure figures and NSH officers are confident that the current objectives for the property investment programme will be achieved.
- The Scarborough Road, Bilsthorpe scheme is complete and retention is currently outstanding.
- A contractor has been selected for the Affordable Housing 2015 – 18 Programme, and work has started on sites as per the timetable.

**3.2 General Fund**

- The New Leisure Centre is currently progressing as per the timetable, with an estimated handover date of April 2016.
- The National Civil War Centre original project is nearing completion. Following Policy and Finance Committee on 28<sup>th</sup> July 2015, a new scheme has been set up in order to make improvements to the Museum with an update to be brought to a future meeting.
- The integration of the Palace and the National Civil War Centre is underway with the contractor, RG Carter on site.
- The New Council Offices project was approved at RIBA stage D and a planning application has now been submitted.
- Commitments for replacement vehicles and plant exist as vehicles are initially bought outright prior to a case by case evaluation of the most advantageous method of financing.

#### **4.0 RECOMMENDATION**

**That the variations listed in Appendix B are approved and the Programme shown in Appendix C be accepted as the latest approved Capital Programme.**

##### Reason for Recommendation

To enable the Capital Programme to be amended to reflect changes to resources available and better clarity of the cost and phasing of projects.

##### Background Papers

Nil

For further information please contact Jenna Norton (Accountant) on extension 5327.

David Dickinson  
Director – Resources

SCHEME		Approved Budget @ July 15	Latest Estimate	Committed to Date	Difference
<b>HOUSING REVENUE ACCOUNT</b>					
<b>PROPERTY INVESTMENT PROGRAMME</b>					
S91100	ROOF REPLACEMENTS	532,030	670	0	-670
S91107	Cemetery Cottage Re-Roof	7,970	7,970	7,190	-780
S91108	Roofing 2015/16	0	302,400	280,000	-22,400
S91109	Dorwood Court Roofing 2015/16	0	81,000	0	-81,000
S91110	Flat Roofing Renewals 15/16	0	147,960	0	-147,960
<b>S711</b>	<b>ROOF REPLACEMENTS</b>	<b>540,000</b>	<b>540,000</b>	<b>287,190</b>	<b>-252,810</b>
S91200	KITCHEN & BATHROOM CONVERSIONS	0	0	0	0
S91213	Kitchen and Bathrooms 15/16	1,296,000	1,296,000	544,586	-751,414
S91214	Kitchen and Bathrooms 15/16 Materials	324,000	324,000	294,275	-29,725
<b>S712</b>	<b>KITCHEN &amp; BATHROOM CONVERSIONS</b>	<b>1,620,000</b>	<b>1,620,000</b>	<b>838,861</b>	<b>-781,139</b>
S91300	EXTERNAL FABRIC	95,290	95,290	0	-95,290
S91314	External Wall Insulation	270,000	0	0	0
S91327	Ext Fab & Paint 15/16 Area1	140,400	140,400	131,280	-9,120
S91328	Ext Fab & Paint 15/16 Area2	140,400	140,400	133,852	-6,548
S91329	EWI 2015/16	0	270,000	0	-270,000
<b>S713</b>	<b>EXTERNAL FABRIC</b>	<b>646,090</b>	<b>646,090</b>	<b>265,132</b>	<b>-380,958</b>
S91400	DOORS & WINDOWS	0	0	0	0
S91410	Doors & Windows 15/16	183,600	183,600	156,228	-27,372
<b>S714</b>	<b>DOORS &amp; WINDOWS</b>	<b>183,600</b>	<b>183,600</b>	<b>156,228</b>	<b>-27,372</b>
S91500	OTHER STRUCTURAL	48,600	45,040	0	-45,040
S91510	DPM Works 2015/16	5,400	5,400	2,654	-2,746
S91511	Walls Re-Rendering	54,000	54,000	2,780	-51,220
S91512	14/16 Churchill Drive major structural works	0	3,560	2,781	-779
<b>S715</b>	<b>OTHER STRUCTURAL</b>	<b>108,000</b>	<b>108,000</b>	<b>5,434</b>	<b>-99,785</b>
S93100	ELECTRICAL	0	0	0	0
S93109	Rewires 15/16	594,000	594,000	537,281	-56,719
S93110	Disturbance Allowance 15/16	86,400	86,400	0	-86,400
<b>S731</b>	<b>ELECTRICAL</b>	<b>680,400</b>	<b>680,400</b>	<b>537,281</b>	<b>-143,119</b>
S93500	HEATING	0	0	0	0
S93507	Heating/Boilers 15/16	594,000	594,000	563,569	-30,431
<b>S735</b>	<b>HEATING</b>	<b>594,000</b>	<b>594,000</b>	<b>563,569</b>	<b>-30,431</b>
S93600	ENERGY EFFICIENCY	502,200	502,200	0	-502,200
<b>S736</b>	<b>ENERGY EFFICIENCY</b>	<b>502,200</b>	<b>502,200</b>	<b>0</b>	<b>-502,200</b>
S95100	GARAGE FORECOURTS	108,000	108,000	0	-108,000
S95109	Garages	27,540	27,540	27,526	-14

<b>S751</b>	<b>GARAGE FORECOURTS</b>	<b>135,540</b>	<b>135,540</b>	<b>27,526</b>	<b>-108,014</b>
S95200	ENVIRONMENTAL WORKS	154,310	103,550	0	-103,550
S95223	Howes Court	1,910	1,910	1,897	-13
S95250	Communal Lighting	21,600	21,600	0	-21,600
S95252	Flood Defence Systems	10,800	10,800	0	-10,800
S95253	Play Areas	27,000	27,000	4,687	-22,313
S95254	Estate Remodelling	162,000	162,000	0	-162,000
S95268	Boundary Walls Greenfield Cres Ollerton	37,800	37,800	22,972	-14,828
S95269	H462 Wolfit Avenue Fencing	4,990	6,070	1,639	-4,431
S95270	Env Imp Harby and Ollerton	115,560	115,560	106,551	-9,009
S95271	Burton Court Office	0	11,880	11,000	-880
S95272	H498 Boundary Walls Henton Road	0	37,800	0	-37,800
<b>S752</b>	<b>ENVIRONMENTAL WORKS</b>	<b>535,970</b>	<b>535,970</b>	<b>148,746</b>	<b>-387,224</b>
S97100	ASBESTOS	0	0	0	0
S97109	Asbestos Surveys 2015/16	32,400	32,400	29,482	-2,918
S97110	Asbestos Removal 2015/16	75,600	75,600	70,123	-5,477
<b>S771</b>	<b>ASBESTOS</b>	<b>108,000</b>	<b>108,000</b>	<b>99,605</b>	<b>-8,395</b>
S97200	FIRE SAFETY	54,000	54,000	0	-54,000
<b>S772</b>	<b>FIRE SAFETY</b>	<b>54,000</b>	<b>54,000</b>	<b>0</b>	<b>-54,000</b>
S97300	DDA IMPROVEMENTS	0	0	0	0
S97306	DDA 15/16 Rookwood, Eastfield, Wm Bailey	21,600	21,600	360	-21,240
<b>S773</b>	<b>DDA IMPROVEMENTS</b>	<b>21,600</b>	<b>21,600</b>	<b>360</b>	<b>-21,240</b>
S97400	DISABLED ADAPTATIONS	0	0	0	0
S97409	Care Plans 15/16	399,600	399,600	333,753	-65,847
S97410	OT'1s 15/16	32,400	32,400	30,612	-1,788
<b>S774</b>	<b>DISABLED ADAPTATIONS</b>	<b>432,000</b>	<b>432,000</b>	<b>364,365</b>	<b>-67,635</b>
S97500	LEGIONELLA	16,200	0	0	0
S97501	Legionella 2015/16	0	16,200	15,000	-1,200
<b>S791</b>	<b>UNALLOCATED FUNDING</b>	<b>16,200</b>	<b>16,200</b>	<b>15,000</b>	<b>-1,200</b>
S99100	UNALLOCATED FUNDING	54,000	54,000	0	-54,000
S99101	Grant Income	-25,278	-25,278	-26,621	-1,343
<b>S791</b>	<b>UNALLOCATED FUNDING</b>	<b>28,722</b>	<b>28,722</b>	<b>-26,621</b>	<b>-55,343</b>
	<b>SUB TOTAL PROPERTY INVESTMENT</b>	<b>6,206,322</b>	<b>6,206,322</b>	<b>3,282,676</b>	<b>-2,920,865</b>
<b>AFFORDABLE HOUSING</b>					
SA1012	Buy-back of RTB Council Houses	36,500	0	0	0
SA1013	25 supported dwellings - Bilsthorpe	45,150	45,150	-65,426	-110,576
SA1015	Affordable Rural Housing Grant	260,000	260,000	0	-260,000
SA1016	Site A - Wolfit Avenue, Balderton	273,777	273,777	227,429	-46,348
SA1017	Site B - Wolfit Avenue, Balderton	313,619	313,619	266,037	-47,582
SA1018	Coronation Street/Grove View Rd, Balderton	635,117	645,999	540,201	-105,798
SA1019	Lilac Close	658,585	658,585	563,817	-94,768
SA1020	Second Avenue, Edwinstowe	427,969	427,969	382,804	-45,165
SA1030	HRA Site Development	0	150,000	0	-150,000



			<b>2,650,717</b>	<b>2,775,099</b>	<b>1,914,862</b>	<b>-860,237</b>
	<b>SUB TOTAL HOUSING REVENUE ACCOUNT</b>		<b>8,857,039</b>	<b>8,981,421</b>	<b>5,197,538</b>	<b>-3,781,102</b>
<b>HOUSING GENERAL FUND</b>						
TF6011	Private Sector Disabled Facilities Grants	469,695	469,695	72,561		-397,134
		<b>469,695</b>	<b>469,695</b>	<b>72,561</b>		<b>-397,134</b>
	<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>9,326,734</b>	<b>9,451,116</b>	<b>5,270,099</b>		<b>-4,178,237</b>
<b>GENERAL FUND</b>						
TA1211	Newark, New Leisure Centre	7,251,659	7,251,659	5,669,839		-1,581,820
TA1214	Leisure Centre Access Road Enhancement	197,025	197,025	0		-197,025
TA3050	National Civil War Centre	1,254,880	1,254,880	1,085,340		-169,540
TA3051	Newark Civil War Town Trail	64,893	64,893	55,861		-9,032
TA3052	Palace Theatre/Museum Integration	1,410,155	1,555,238	80,266		-1,474,972
TA3053	Museum Improvements	0	750,000	0		-750,000
TA3286	Information Technology Investment	54,404	54,946	54,946		0
<b>TA</b>	<b>CUSTOMERS</b>	<b>10,233,016</b>	<b>11,128,641</b>	<b>6,946,252</b>		<b>-4,182,389</b>
TB2250	Vehicles & Plant (NSH)	17,000	17,000	0		-17,000
TB2253	Vehicles & Plant (NSDC)	1,266,070	1,266,749	1,256,298		-10,451
TB3057	Maun Valley Phase II	2,774	2,774	0		-2,774
TB3154	Castle Gatehouse Project	60,000	60,000	0		-60,000
TB3158	Hawtonville School Playing Field	23,123	23,123	0		-23,123
TB3159	Humberstone Road Open Space, Southwell	575	575	0		-575
TB3252	Newark Castle Essential Works Ph I	9,132	9,132	7,998		-1,134
TB3263	Sconce & Devon Park Restoration Ph II	29,967	29,967	5,318		-24,650
TB6145	Grant to Farndon Sports Pavilion	14,650	14,650	0		-14,650
TB6147	Contribution to Cycle Route Improvements	7,634	7,634	0		-7,634
<b>TB</b>	<b>COMMUNITY</b>	<b>1,430,925</b>	<b>1,431,604</b>	<b>1,269,614</b>		<b>-161,991</b>
TC1000	New Council Offices	2,221,925	2,221,925	287,198		-1,934,727
TC2280	Ollerton Hall acquisition and works	288,081	288,081	1,120		-286,961
TC3132	20 Baldertongate Repairs	0	11,500	8,400		-3,100
<b>TC</b>	<b>RESOURCES</b>	<b>2,510,006</b>	<b>2,521,506</b>	<b>296,718</b>		<b>-2,224,788</b>
TE3110	Newark Signage Strategy	106,500	108,624	108,624		0
	Growth Point (Internally Funded)	449,121	449,121	0		-449,121
TE3267	Rural Broadband Provision	165,000	165,000	165,000		0
TE3268	Southern Link Road Contribution	2,500,000	2,500,000	0		-2,500,000
<b>TE</b>	<b>GROWTH</b>	<b>3,220,621</b>	<b>3,222,745</b>	<b>273,624</b>		<b>-2,949,121</b>
TF3161	Balderton land drainage	9,105	9,105	0		-9,105
TF3220	Major Flood Alleviation	0	150,000	0		-150,000
TF3222	Works to Wellow Green Hostel	68,056	68,056	25,723		-42,333
<b>TF</b>	<b>SAFETY</b>	<b>77,161</b>	<b>227,161</b>	<b>25,723</b>		<b>-201,438</b>
	<b>TOTAL GENERAL FUND</b>	<b>17,471,729</b>	<b>18,531,657</b>	<b>8,811,930</b>		<b>-9,719,728</b>
	<b>TOTAL PROGRAMME</b>	<b>26,798,463</b>	<b>27,982,774</b>	<b>14,082,029</b>		<b>-13,897,964</b>

## CAPITAL PROGRAMME VARIATIONS 2015/16 TO 2019/20

## Journal 1 HOUSING SERVICES

Scheme No.	Scheme and Reason for Adjustment	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
S91100	ROOF REPLACEMENTS	-531,360				
S91108	Roofing 2015/16	+302,400				
S91109	Dorwood Court Roofing 2015/16	+81,000				
S91110	Flat Roofing Renewals 15/16	+147,960				
S91314	External Wall Insulation	-270,000				
S91329	External Wall Insulation 2015/16	+270,000				
S91500	OTHER STRUCTURAL	-3,560				
S91512	14/16 Churchill Drive major structural works	+3,560				
S95200	ENVIRONMENTAL WORKS	-50,760				
S95269	H462 Wolfit Avenue Fencing	+1,080				
S95271	Burton Court Office	+11,880				
S95272	H498 Boundary Walls Henton Road	+37,800				
S97500	LEGIONELLA	-16,200				
S97501	Legionella 2015/16 <i>Reallocation of funding within existing budgets</i>	+16,200				
SA1012	Buy-back of RTB Council Houses <i>This purchase is no longer due to take place</i>	-36,500				
SA1018	Coronation Street/Grove View Rd, Balderton <i>Phasing changed to match latest indicative cost and timetable</i>	+10,882	-10,882			
SA1030	HRA Site Development <i>Budget set up following P&amp;F Cttee on 9/7/15</i>	+150,000	+150,000	+200,000		
	<b>NET ADJUSTMENT TO OVERALL PROGRAMME EXPENDITURE</b>	<b>+124,382</b>	<b>+139,118</b>	<b>+200,000</b>	<b>0</b>	<b>0</b>

## Journal 2 GENERAL FUND

Scheme No.	Scheme and Reason for Adjustment	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
TA3052	Palace/Museum Integration	+145,083				
TA3053	Museum Improvements	+750,000				
TC1000	New Council Offices <i>Budget increased as per P&amp;F Cttee on 28/07/15</i>	0	+117,618	+457,520		
TA3286	Information Technology Investment	+542				
TB2253	Vehicles & Plant (NSDC)	+679				
TE3110	Newark Signage Strategy <i>Additional allocation to cover unforeseen expenses</i>	+2,124				
TC3132	20 Baldertongate Repairs <i>Additional allocation to cover expenses in order to prepare the building for sale - covered by income re dilapidations</i>	+11,500				
TF3220	Major Flood Alleviation <i>Budget increased as per H&amp;C Cttee on 15/06/15</i>	+150,000				
	<b>NET ADJUSTMENT TO OVERALL PROGRAMME EXPENDITURE</b>	<b>+1,059,928</b>	<b>+117,618</b>	<b>+457,520</b>	<b>0</b>	<b>0</b>

## Journal 3 FINANCING

Scheme No.	Scheme and Reason for Adjustment	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
	Net Internal and External Borrowing Approval	+2,124	+1,759,263	+457,520	0	-5,000
	Government Grants	+150,000	0	0	0	0
	Contributions from Third Parties	+11,500	0	0	0	0
	Capital Receipts	+10,882	-10,882	0	0	0
	Capital Reserve	+895,083	-1,641,645	0	0	+8,500
	Revenue Support	+150,000	+150,000	+200,000	0	-3,500
	<b>NET VARIATION TO CAPITAL FINANCING</b>	<b>+1,219,589</b>	<b>+256,736</b>	<b>+657,520</b>	<b>0</b>	<b>0</b>

## OVERALL CAPITAL PROGRAMME 2015/16 TO 2019/20

	TOTAL	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>COMMITTED SCHEMES EXPENDITURE</b>						
Housing Services	36,203	9,451	7,115	6,859	6,389	6,389
Other Services	29,188	18,532	6,547	736	1,240	2,133
<b>TOTAL GROSS COMMITTED CAPITAL PROGRAMME EXPENDITURE</b>	<b>65,391</b>	<b>27,983</b>	<b>13,662</b>	<b>7,595</b>	<b>7,629</b>	<b>8,522</b>
<b>CAPITAL EXPENDITURE FINANCING</b>						
Net Borrowing Approval	10,130	2,488	5,056	458	0	2,128
Government Grants	6,946	5,086	465	465	465	465
Contributions from Third Parties	3,174	3,174	0	0		0
Community Infrastructure Levy	0	0	0	0		0
Usable Capital Receipts Brought Forward from previous Year	22,589	2,699	2,188	2,081	8,355	7,266
Usable Capital Receipts in Year	12,415	5,430	146	6,547	146	146
Usable Capital Receipts Carried Forward to next Year	-27,302	-2,188	-2,081	-8,355	-7,266	-7,412
Capital Reserve	6,286	4,765	1,494	9	9	9
Housing Services Revenue Support	31,153	6,529	6,394	6,390	5,920	5,920
<b>TOTAL RESOURCES AVAILABLE IN YEAR</b>	<b>65,391</b>	<b>27,983</b>	<b>13,662</b>	<b>7,595</b>	<b>7,629</b>	<b>8,522</b>
<b>NET RESOURCES BEFORE ALLOWING FOR EARMARKED FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FINANCIAL REGULATIONS**

**1.0 Purpose of Report**

- 1.1 To advise the Committee of the review and updating of the Council's Financial Regulations and to seek approval for their adoption.

**2.0 Background Information**

- 2.1 The Council adopted its current Financial Regulations in 2013. They have been fully reviewed and updated to cover new ways of working and other minor changes.
- 2.2 All Business Units within the Council have an involvement in finance, from budget setting and monitoring to handling income. Financial Regulations are a framework of controls and standards to achieve proper administration of the Council's affairs. They apply to all employees and Members and to all transactions that impact on public funds.
- 2.3 A copy of the Draft Financial Regulations is attached as an appendix to the report.

**3.0 Amendments**

- 3.1 A new paragraph has been added covering the engagement of consultants. This is in response to government proposals regarding payments to Personal Service Companies. The Financial Regulations now require that the person responsible for engaging the consultant must determine whether or not any payments will be made directly, or through a Personal Service Company, so that the correct arrangements for tax and national insurance can be put in place. (Paragraph 7.2)
- 3.2 The implementation of electronic ordering and goods receipting, known as Purchase to Pay, has changed the way that purchase orders and invoices are dealt with. Financial Regulations have changed to cover the new processes. (Paragraphs 7.5, 7.6 and 7.7)
- 3.3 Two new paragraphs have been added relating to collaboration arrangements. (Paragraphs 10.1.6 and 10.1.7). These cover:
- (i) Recovery of income or payment of charges where officers are working across different authorities, and
  - (ii) Confirm that where an employee of Newark & Sherwood District Council is working for a collaboration partner, they should abide by the partner's Financial Regulations.
- 3.4 Other minor changes have been made to ensure that where new ways of working via electronic means have been introduced, there are effective controls in place. (Various paragraphs).

#### **4.0 Proposals**

4.1 Members are asked to consider the draft Financial Regulations and to adopt them as part of the Council's Constitution.

#### **5.0 Equalities Implications**

5.1 It is not considered that Financial Regulations have any adverse equalities impacts. Their nature is such that they seek to provide a framework within which the Council's financial affairs are transacted

#### **6.0 RECOMMENDATIONS that:**

- a) the revised Financial Regulations be adopted; and**
- b) they be reviewed in two years' time, or sooner if there are any significant changes in the way the Council manages its finances.**

#### **Reason for Recommendations**

To provide a reviewed and updated set of Financial Regulations for the Council.

#### **Background Papers**

Nil

For further information please contact Nicky Lovely - Business Manager – Financial Services on 01636 655317.

David Dickinson  
Director – Resources



**NEWARK &  
SHERWOOD**  
*DISTRICT COUNCIL*

**FINANCIAL REGULATIONS**

Revised: July 2015

Next revision due: July 2017

## FINANCIAL REGULATIONS

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## **1. GENERAL**

### **1.1 Notice to All Employees**

- (i) These Financial Regulations provide the framework of controls and standards necessary to achieve the proper administration of the Council's financial affairs. Financial Regulations are designed to safeguard the interests of the Council, its Members and its employees. They apply to all Members, employees, and temporary and agency staff and to all transactions of the Council including those relating to Southwell Leisure Centre.
- (ii) All Members and officers have a 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.
- (iii) The Council expects the highest standards of financial probity from its officers and Members. The Section 151 Officer may report any breach of Financial Regulations to the Policy & Finance Committee or if sufficiently serious, direct to full Council. Any failure to comply with these Regulations may result in action being taken in accordance with the Council's disciplinary procedures or in the case of Members referred to the Standards Committee. If you have any doubt on their meaning or interpretation, it is advised that you contact the Section 151 Officer.
- (iv) It is the responsibility of officers to ensure that they have the necessary knowledge of the Council's Financial Regulations to enable their duties to be undertaken to meet the requirements of these regulations.
- (v) These Financial Regulations supersede all previous versions.
- (vi) If after reading these regulations you require further guidance or clarification, or if you are not sure how best to comply with the regulations then please contact your Line Manager, Financial Services or the Head of Internal Audit.

## **2. INTRODUCTION**

### **2.1 Complementary Factors**

2.1.1 These Financial Regulations form part of the Constitution and are complementary to:

- (i) Any current or future legislation, and shall not be considered to over-ride any such legislation affecting the functions of the Council;
- (ii) The Council's Standing Orders;
- (iii) The Council's Contract Procedure Rules;
- (iv) Any EU Public Procurement Directives;
- (v) The Codes of Conduct for Members and Officers;
- (vi) The Information Technology Regulations (for all matters relating to Information Technology).
- (vii) The Council's Anti-Fraud Strategy.

- (viii) The Council's Guidance for Dealing with Irregularities.
- (ix) The Council's Whistleblowing Policy.
- (x) Appropriate Guidance Notes issued by the Section 151 Officer

2.1.2. The above documents shall be considered to have the force of financial regulations for all their related matters. This shall also include any related subsidiary regulations.

## 2.2 **Financial Implications of Proposals and Reports to Members**

2.2.1 No item having financial consequences shall be placed on a Council or Committee agenda without obtaining the Section 151 Officer's financial assessment and comments. Any report containing new proposals shall include an independent financial assessment by the Section 151 Officer.

2.2.2 In general, reports requiring comments of the Section 151 Officer shall be presented to the Financial Services Business Unit a minimum of 3 working days prior to the comments being required.

2.2.3 Where there are significant financial implications it is a requirement that the Financial Services Business Unit will be involved in the development of the proposals.

## 2.3 **Availability**

2.3.1 A copy of these Financial Regulations shall be made available to Members, Officers and the public at all reasonable times.

## 2.4 **Compliance**

2.4.1 Corporate Management Team and Business Managers shall be responsible for ensuring that these Financial Regulations are complied with and are available to all employees within their areas of responsibility.

## 3. **DEFINITIONS**

### 3.1 **Terms**

- (i) The term Council shall be deemed to include reference to Committees, Sub Committees or Officers acting in accordance with delegated authority on behalf of the Council.
- (ii) Where legislation and regulations are referred to in these Financial Regulations, they are deemed to refer to the latest statutory and regulatory requirements.
- (iii) The term Chief Executive relates to the Head of the Council's paid service.
- (iv) The term Section 151 Officer relates to the Director - Resources (the Responsible Financial Officer). This is a statutory officer appointed by Full Council to have responsibility for the financial affairs of the Council as required by Section 151 of the Local Government Act 1972.
- (v) The term Deputy Section 151 Officer relates to the officer nominated by the Section 151 Officer to undertake the Section 151 responsibilities in the absence of the Section 151 Officer.
- (vi) The term Director relates to Corporate Directors.

- (vii) The term Monitoring Officer relates to the officer appointed by the Council as required by the Local Government Housing Act 1989.
- (viii) The term Duly Authorised Officer relates to an officer with delegated authority from the relevant Business Manager.
- (ix) The term Head of Internal Audit relates to the officer appointed by the contractor in consultation with the Section 151 Officer.

#### **4. LEGAL RESPONSIBILITIES**

##### **4.1 Local Government Act 1972 Section 115 - Legal Responsibilities of Officers**

- 4.1.1 Officers employed by the Council have a legal responsibility under Section 115 of the Local Government Act, which states that:

“Every Officer employed by a Local Authority, whether under this Act or any other enactment, shall at all times during the continuance of his office, or within three months after ceasing to hold it, and in such manner as the Local Authority directs, make out and deliver to the Authority, or in accordance with their directions, a true account in writing of all money and property committed to his charge, and of his receipts and payments, with vouchers and other documents and records supporting the entries therein, and a list of persons from whom or to whom money is due in connection with his office, showing the amount due from or to each”.

- 4.1.2 Every such officer shall pay all money due from him to an officer designated by the Section 151 Officer or in accordance with their directions.

##### **4.2 Local Government Act 1972 Section 117(1) & (2) - Disclosure by Officers of Pecuniary Interest in Contracts.**

- 4.2.1 Staff involved in contract and purchasing procedures shall be aware of the provisions of section 117(1) of the Local Government Act 1972 concerning the disclosure by officers of pecuniary interests in contracts. This provides that “if it comes to the knowledge of an officer employed whether under this Act or any other enactment by a Local Authority that a contract in which he has a pecuniary interest, whether direct or indirect, (not being a contract to which he is himself a party), has been or is proposed to be entered into by the Authority or any Committee thereof, he shall as soon as practicable, give notice in writing to the Authority of the fact that he is interested therein”. An indirect pecuniary interest for these purposes is as follows:

- (a) If the officer or any nominee of the officer is a member of a company or other body with which the contract was or is proposed to be made.
- (b) If the officer is a partner or is in the employment of a person with whom the contract is, or is proposed to be made.
- (c) In the case of married persons or partners, the interests of one partner, if known to the other, is deemed to be the interest of the other spouse.

Appropriate officers will be required to complete a declaration form covering any related third party transactions on an annual basis.

The clause above shall also refer to contracts relating to Active4Today Ltd.

- 4.2.2 Section 117(2) states that “an officer of a Local Authority shall not under colour of his office or employment, accept any fee or reward whatsoever, other than his proper remuneration”.
- 4.2.3 Any Officer who has any direct or indirect pecuniary interest in any contract, or is offered any fee or reward, whether or not it is accepted, shall notify the Chief Executive, who shall enter such details into a central register maintained for such purposes. Any person who fails to comply with Section 117(1) and (2) may render themselves liable to a fine.
- 4.2.4 Section 117(4) states that “References to a local authority shall include references to a joint committee appointed under part VI of the Act or any other enactment”.
- 4.3 **Local Government Act 1972 Section 151 - Officer Responsible for Financial Administration.**
- 4.3.1 Under Section 151 “every Local Authority shall make arrangements for the proper administration of their financial affairs, and shall secure that one of their officers (who in accordance with the Local Government and Housing Act 1989 (Section 6 paragraph 3) must be a member of one or more of the Accountancy Bodies specified in the Act), has responsibility for the administration of those affairs”.
- 4.3.2 The Council has appointed the Director – Resources as the Section 151 Officer (the Responsible Finance Officer). Under the Accounts and Audit Regulations 2006, the Section 151 Officer is responsible for determining the accounting systems and the form of accounts and supporting records. This officer shall also ensure that all such determinations are observed, and that the accounts and supporting records are kept up to date.
- 4.4 **Local Government Finance Act 1988 Section 114 - Reporting under Part VIII: Responsibility of the Section 151 Officer.**
- 4.4.1 A requirement is placed upon the Section 151 Officer by Section 114(1) of the Local Government Act 1988 to make a report to the Council in certain circumstances where there is the possibility of an illegal payment, or of spending exceeding resources available.
- 4.4.2 Making a report falls under two Sections. Section 114(2) states that the Section 151 Officer is required to decide that an act or omission is or could be unlawful.
- 4.4.3 Under Section 114(2) the duty to send the report starts a “21 day clock” whereby the Council is required to hold a meeting within this time and until this is done, must refrain from the course of action reported.
- 4.4.4 Section 114(3) requires the Section 151 Officer to issue a report in cases of an unbalanced budget - real or potential. This report is also subject to the procedure described in 4.4.3 above.

4.4.5 In the absence of the Section 151 Officer the duties referred to at 4.4.1 to 4.4.4 shall be performed by the officer acting as the Deputy Section 151 Officer.

## **5. RESPONSIBILITIES/REGULATORY ROLES**

### **5.1 Policy & Finance Committee**

The Policy & Finance Committee is responsible for controlling the finances of the Council and for making recommendations to Council on any amendments to these regulations.

### **5.2 Section 151 Officer**

- (i) Under Section 151 “every Local Authority shall make arrangements for the proper administration of their financial affairs, and shall secure that one of their officers (who in accordance with the Local Government and Housing Act 1989 (Section 6 paragraph 3) must be a member of one or more of the Accountancy Bodies specified in the Act), has responsibility for the administration of those affairs”.
- (ii) Under the Accounts and Audit Regulations 2006, the Section 151 Officer is responsible (under the control and general direction of the Policy & Finance Committee and in accordance with the Accounts and Audit Regulations 2006) for the accounts and finances of the Council, including determining the accounting systems and the form of accounts and supporting records. This officer shall also ensure that all such determinations are observed, and that the accounts and supporting records are kept up to date.
- (iii) The Section 151 Officer shall have regard to any statutory guidance issued by the appropriate Secretary of State and professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- (iv) The Section 151 Officer shall advise the Council on all financial matters.
- (v) The Section 151 Officer shall present annually to the Council detailed estimates of the Council's income and expenditure for the following financial year and shall provide a risk assessment of the Council's proposed budget.
- (vi) The Section 151 Officer shall also present to the Audit and Accounts Committee, after the close of each financial year, a Statement of Accounts in accordance with the latest Accounts and Audit Regulations. The Accounts of the Council shall be submitted to the Council's External Auditor.
- (vii) Under the Accounts and Audit Regulations 2006, the Council is responsible for maintaining an adequate and effective system of Internal Audit covering financial and all other operations of the Council and also require any Officer or Member of the Council to make available such documents as appear necessary for the purpose of the audit together with such information and explanation considered necessary for that purpose. This function is discharged through the Section 151 Officer together with Corporate Management Team (CMT).

- (viii) The Section 151 Officer shall periodically present to the Policy & Finance Committee, budgetary control statements showing performance against the approved estimates of revenue expenditure and income. The appropriate Business Manager will report on any major variances from planned budget performance.
- (ix) Notwithstanding the information available on the on-line Financial Information System, the Section 151 Officer shall supply to Business Managers, by arrangement, such cost and other financial statements as may reasonably be required in the interests of financial control and general management. The production of additional financial and statistical information shall also be maintained, as considered necessary by the Section 151 Officer, to provide efficient overall management control.
- (x) The Section 151 Officer, in consultation with CMT, shall review the Financial Regulations periodically and shall have regard to their relevance and practical application in changing circumstances. A motion to add to, vary or revoke these Financial Regulations shall, unless the addition, variation or revocation has previously been considered by the Policy & Finance Committee, stand adjourned to the next meeting of the Council when the motion shall proceed whether or not it has been considered.

### 5.3 Internal Audit

- 5.3.1 The Council will comply with the current Accounts and Audit Regulations, the Public Sector Internal Audit Standards and the CIPFA Code of Practice for Internal Audit in Local Government and shall maintain an adequate and effective system of Internal Audit of the accounts and other operations of the Council.
- 5.3.2 The Head of Internal Audit shall be responsible for the operation of the internal audit function, agreed with the Section 151 Officer covering financial and all other operations of the Council and value for money studies as required, considering the efficient, effective and economic use of resources. The Head of Internal Audit shall periodically report to Corporate Management Team and the Section 151 Officer and will provide reports to the Audit and Accounts Committee on progress made concerning on-going investigations and reviews and audits completed.
- 5.3.3 The Section 151 Officer or his authorised representative shall have authority for the purpose of the Internal Audit function to:
  - (i) Enter any Council premises or land at all reasonable times.
  - (ii) Have access to all records, documents, files (including information held electronically) and correspondence relating to any financial and other business of the Council which the Section 151 Officer considers necessary to fulfil his duties under S151 of the Local Government Finance Act 1972. No record shall be removed by audit staff without notification to the appropriate Business Manager, or relevant senior officer. This authority also shall apply to all records, documents and files maintained by any partner of the Council and by Southwell Leisure Centre Trust.

- (iii) Require and receive such explanations as are necessary concerning any matter under examination, and
- (iv) Require any employee of the Council to produce cash, stores or any other Council property under his control.

5.3.4 Each Director or Business Manager is responsible for ensuring that action is implemented in response to Internal Audit's agreed recommendations in accordance with the agreed timescale. Where an Internal Audit recommendation is not accepted a written explanation and acceptance of the consequent risk must be provided by the Business Manager and reported to the Section 151 Officer. Such an explanation may be reported to the Audit and Accounts Committee.

5.3.5 The Section 151 Officer, or his nominated officer shall:

- (i) Approve any new systems for the maintenance of financial records, or records of assets or any changes to such systems.
- (ii) Be notified by Business Managers of any plans for transferring staff duties in order to allow for the examination of the implications as regards internal control (e.g. authorisation, separation of duties etc.)

#### 5.4 **Business Managers**

5.4.1 In addition to the general responsibilities described elsewhere in this document, Business Managers will be responsible for certifying on an annual basis the necessary requirements to enable the Section 151 Officer to complete the Council's Annual Governance Statement and Letter of Representation to the Council's External Auditor.

### 6. **FINANCIAL MANAGEMENT**

#### 6.1 **Financial Consultation**

There will be consultation between Business Managers and the Section 151 Officer on any matters concerning the following:

- (i) Preparation and submission of estimates of Council expenditure and income.
- (ii) Preparation of estimates for any external body or partnership e.g. County Council, Government Departments etc., the purpose being the adequacy and accuracy of the estimates.
- (iii) It will be the responsibility of the relevant Business Manager to ensure that any report presented to a Committee or to the Council which has financial implications shall include the Section 151 Officer's observations (See Section 2.2).
- (iv) Proposals for and methods of financing specific expenditure not included in the approved estimates, together with means of approval for such expenditure where this is not otherwise stipulated.

- (v) Proposals to reduce or cancel income included in approved estimates.
- (vi) Applications, bids or submissions by the Council for grant aid or any external funding or spending power from outside bodies. Consultation must take place before submitting any such proposal to an outside body.
- (vii) Proposals to enter into any joint working arrangement with another local authority or other partner.

No financial matter under headings 6.1 (i) to (vii) above shall be concluded **without consultation with the Section 151 Officer**.

## 6.2 Financial Planning and Control

A major project, as defined by the Council's Corporate Management Team, cannot proceed until a project plan is submitted to CMT and approval is received, followed by political approval where appropriate.

### 6.2.1 Process for Developing the Budget

The process for developing the budget is set out as part of the Budget Strategy reported to Policy & Finance Committee in September of each year.

### 6.2.2 Budgetary Control

6.2.2.1 Business Managers shall be responsible for monitoring and regulating the financial performance of their appropriate service throughout the financial year using the Council's online financial management system and performance information provided by the Section 151 Officer. Where budgets are delegated to Budget Holders they are charged with the same responsibility.

6.2.2.2 The Section 151 Officer shall provide performance monitoring information on a monthly basis.

6.2.2.3 Budget performance monitoring information shall be provided to the appropriate Committee on a regular basis.

6.2.2.4 Where it appears that the amount included under any head of the approved budget is likely to be exceeded or the budgeted amount of income under any head is unlikely to be reached then budget officers are required to find savings elsewhere in their budget. In circumstances where savings cannot be identified it will be necessary to consult with the Section 151 Officer and ultimately take a report to the Policy & Finance Committee.

6.2.2.5 The Section 151 Officer shall be entitled to receive from each Business Manager such information as he requires in relation to the annual amount of income achieved and expenditure incurred for inclusion in the Council's annual Statement of Accounts.

6.2.2.5 The Section 151 Officer shall report to the Audit and Accounts Committee on the accounts of each financial year as soon as is practicable, and in accordance with the Accounts and Audit Regulations applicable at the time.



### 6.2.3 Capital Estimates

- (i) New schemes must be accompanied by the appropriate Appraisal forms, and will normally be added to the uncommitted scheme list before proceeding to the committed Capital Programme.
- (ii) Each Committee may recommend capital schemes to Policy & Finance Committee for inclusion within the Council's Capital Programme.
- (iii) Prior to February of each year the Policy & Finance Committee shall consider the comprehensive capital estimates together with capital financing proposals and shall consult as appropriate with other Committees in accordance with the Council's Constitution.
- (iv) The Policy & Finance Committee shall consider any recommendations arising from consultation with members and will submit recommendations to the Council for the approved Capital Programme for the following five years, or such other period as the Section 151 Officer advises.
- (v) The Council shall in March of each year, by simple majority, determine the Council's Capital Programme, having considered the proposals of the Policy & Finance Committee.
- (vi) Following approval of the Council's committed Capital Programme the appropriate Business Managers are authorised to incur expenditure in respect of all schemes included in the committed Capital Programme unless otherwise directed by the Policy & Finance Committee or Section 151 Officer.
- (vii) The Section 151 Officer is authorised to arrange the financing of the Capital Programme so as to maximise the resources available to the Council, having regard to the provisions of the Local Government and Housing Act 1989 or subsequent relevant legislation.
- (viii) The Section 151 Officer is authorised to make any necessary adjustments to the capital programme that arise at year-end due to slippage and report these retrospectively to the Policy & Finance Committee.
- (ix) Any under-spends identified within the approved committed Capital Programme revert to the centre and must be reported to the Policy & Finance Committee for consideration.
- (x) Any scheme involving matched funding that does not proceed will have any funding which has already been released returned to the central pot and must be reported to the Policy & Finance Committee for consideration.
- (xi) The Section 151 Officer will report periodically to the Policy & Finance Committee on any variations to the Capital Programme which have been identified.

- (xii) The Section 151 Officer is required to take all necessary steps to implement the committed Capital Programme and is authorised, in the event of slippage, to bring forward schemes from the following year provided that this does not increase the total commitment and that such changes are reported to the Policy & Finance Committee.
- (xiii) In the event of the Section 151 Officer or the Deputy Section 151 Officer not being available, the Chief Executive will determine how the delegated authority to bring schemes forward will be exercised.
- (xiv) No third party funding or grant aid may be accepted where matched funding is required until the source of the matched funding has been identified and approved by the Policy & Finance Committee.

#### 6.2.4 **Capital Programme Monitoring**

- 6.2.4.1 The monitoring of the overall Capital Programme, with regard to the monitoring of funding, progress, variations, amendments etc. is the responsibility of the Section 151 Officer who can delegate to an appropriate working group.
- 6.2.4.2 Regular reports will be made to the Policy & Finance Committee on the overall progress of the capital programme.
- 6.2.4.3 It is the individual Business Manager's responsibility to exercise control over any capital schemes within their remit and to report any possible significant variations which may arise to the Section 151 Officer.

#### 6.3 **Variation of Estimates**

##### 6.3.1 **Virement - Revenue Expenditure**

The object should be to avoid the transfer of estimates and this is best achieved by sound and detailed estimating together with the accurate coding of expenditure during the year in accordance with the provisions made.

Where it is desired to transfer funds between estimate headings, the following procedure shall be adopted and the Section 151 Officer informed in every case, to effect the necessary amendments in the Council's Financial Management System:

- |      |  |  |
|------|--|--|
| (i)  | Between sub or detail codes within a particular main head  | Authorised by the relevant Business Manager. Undertaken by Financial Services. |
| (ii) | Between business units within a particular service area up to a cumulative limit of £25,000 within each financial year. Over this, prior Committee approval is required for amounts up to £50,000 and for amounts above this limit the approval of Policy & Finance Committee is required. | Authorised by the relevant Business Manager. Undertaken by Financial Services. |

- (iii) Between Committees Areas Subject to the appropriate authorisation of the Section 151 Officer, Chief Executive and the approval of the Policy & Finance Committee.

6.3.2 No virement shall be undertaken with the purpose of utilising additional income for expenditure purposes without the express consent of the Section 151 Officer. No virement shall be undertaken out of savings on payroll codes without the express consent of the Section 151 Officer.

6.3.3 There shall be no carry forward of any under-spending on budgets into the following financial year without the express authorisation of the Section 151 Officer. This includes budgets held on job codes. When considering any applications for carry forwards, the Section 151 Officer shall consider the overall budget position of the Council.

6.3.4 The Section 151 Officer is authorised to introduce additional restrictions on virements.

#### **6.4 Treasury Management**

6.4.1 All matters relating to Treasury Management shall be subject to the supervision and control of the Section 151 Officer.

6.4.2 External Borrowing, and all other Treasury Management transactions, shall be undertaken in accordance with the CIPFA Treasury Management Code of Practice, Prudential Code and the rules and procedures laid down in the Council's Treasury Management Policy. The Treasury Management Manual shall be considered to be the Council's Financial Regulations for Treasury Management transactions and procedures.

#### **6.5 Bank Accounts and Cheques**

6.5.1 The Section 151 Officer shall arrange for such bank accounts to be kept as may be deemed necessary. The Section 151 Officer shall be responsible for the operation, supervision and control of those accounts. No member of staff shall arrange for a bank account to be opened without the express authorisation of the Section 151 Officer.

6.5.2 No direct debits from the Council's bank account must be set up without the prior approval of the Section 151 Officer.

6.5.3 Bank overdraft facilities and the amounts and conditions of bank charges shall be negotiated and agreed by the Section 151 Officer

6.5.4 The Officers authorised to sign cheques or transfer money on behalf of the Council, shall be limited to the Section 151 Officer, Deputy Section 151 Officer or such officers as authorised by the Section 151 Officer.

6.5.5 Any cheques exceeding £50,000 must bear two authorised signatures, at least one of which must be a manual signature.

- 6.5.6 Where use is made of the on-line banking system for payments to be made out of any of the Council's bank accounts electronically, the requirements for authorisation of payments shall be of the same, or higher, standard as if a cheque payment is being made. The ability of individual post-holders to raise or authorise such payments is contained within the Council's Treasury Management Manual.
- 6.5.7 All unused cheques shall be held as "Controlled Stationery" and shall be held in a secure location.
- 6.5.8 No cheques are to be cancelled except by persons authorised by the Section 151 Officer.
- 6.5.9 Instructions for stopping cheques shall be notified to the Bank in writing and all preliminary telephone instructions in this connection shall be confirmed in writing immediately afterwards by the Section 151 Officer or Duly Authorised Officer.
- 6.5.10 No replacement cheques shall be issued until the Bank confirm that a stop has been placed on the original cheque. Confirmation received from the Bank regarding stopped cheques must be retained for a period approved by the Section 151 Officer.
- 6.5.11 All Giro credit balances shall be transferred by automatic transfer at regular intervals by officers authorised by the Section 151 Officer.
- 6.6 Procurement Cards**
- 6.6.1 The Section 151 Officer shall have the authority to approve requests for applications for procurement cards, including merchant category code blocks, monthly card limits and single transaction limits.
- 6.6.2 The Business Manager (Administrative Services) shall administer all applications for procurement cards. No officer shall apply for procurement cards other than through the Council's Business Manager (Procurement).
- 6.6.3 All procurement cards must be held securely. Card details and PIN numbers must not be disclosed other than for the purposes of using the card for payments.
- 6.6.4 On a monthly basis, a record of card purchases shall be maintained by individual cardholders and reconciled to the card statement provided by the card issuer. Business Managers shall approve the monthly record of card purchases and provide a copy to the Financial Services Business Unit for processing.
- 6.6.5 Any discrepancies between the card issuer statement and the cardholder's record of purchases must be promptly reported to the Business Manager Procurement.
- 6.6.6 Procurement cards shall only be used for authorised purchases relating to council business. Under no circumstances shall they be used for personal expenditure.
- 6.7 Controlled Stationery**
- 6.7.1 The Section 151 Officer may designate any item he considers appropriate to be controlled stationery.

6.7.2 Such stationery must be retained securely at all times and any issues from stock signed for.

## 6.8 **Retention of Financial Records**

6.8.1 All financial records, whether in written or printed form or stored electronically and all records supporting financial transactions in whatever form shall be retained in accordance with instructions issued by the Section 151 Officer, who shall determine the Council's retention requirements in accordance with relevant legislation and shall be responsible for the Council's Retention and Disposal Policy with respect to financial records.

## 6.9 **Authorised Signatory List**

6.9.1 CMT and Business Managers, in consultation with the Section 151 Officer will nominate authorised signatories for their service for the authorisation of orders, invoices, timesheets, overtime claims and contracts. The Section 151 Officer may authorise additional officers to undertake these duties.

## 6.10 **V.A.T.**

6.10.1 Officers are responsible for ensuring that they apply the correct VAT status for supplies and suppliers. Advice is available from the Financial Services Business Unit.

## **7. EXPENDITURE RELATED REGULATIONS**

### **7.1 Employers Records and Payments of Salaries and Wages**

7.1.1 Business Managers shall be responsible for promptly notifying the Business Manager Human Resources & Legal of all information required to maintain correct records for all employees of the Council in respect of service, including appointments, terminations, promotions (including 'acting up' allowances and honorariums), qualifying examination awards, sickness and absenteeism.

7.1.2 Memoranda to the Business Manager Human Resources & Legal in respect of 7.1.1 above shall be signed by the Business Manager or Duly Authorised Officer. The Human Resources Business Unit shall immediately forward such details to the Financial Services Business Unit to ensure that the correct payment of wages and salaries and other related items (including deductions) can be made.

7.1.3 Business Managers shall be responsible for arranging the submission of wages time sheets, staff salary data, overtime claims and claims for standby payments to arrive in the Financial Services Business Unit in accordance with the prescribed timescale.

7.1.4 Payment of wages/salaries shall only be made to:

- (i) Personnel included in the approved establishment for the service areas of the Council, or
- (ii) Approved temporary or casual personnel who have been properly notified to the Financial Services Business Unit.

(iii) Appointments as authorised in sub-paragraph 7.1.6 below.

7.1.5 Business managers will be required to provide positive confirmation of current post holders prior to the payment of wages and salaries

7.1.6 Appointments other than those included in the approved establishment as amended from time to time shall be made in accordance with Human Resources Policies.

## 7.2 **Consultants**

7.2.1 Where a consultant is to be engaged, it is the responsibility of the person arranging the contract to determine whether or not payments are to be made to the consultant directly or to a personal service company (PSC). This is a limited company owned by the consultant and is commonly used to reduce tax and National Insurance liability. If payment is to be through a personal service company, advice must be sought from the S151 Officer and the Business Manager HR and Legal before any appointment is made.

## 7.3 **Travelling and Subsistence Claims**

7.3.1 All claims by Officers for payment of subsistence allowances, travelling and incidental expenses shall be submitted, duly certified by or on behalf of the Business Manager, on the Council's Envoy electronic expense system in accordance with a timetable specified by the Section 151 Officer.

7.3.2 The names of Officers authorised to certify claims shall be sent to the Section 151 Officer by each Business Manager. The Section 151 Officer will determine the controls, to be put in place for electronic systems.

7.3.3 The certification by or on behalf of the Business Manager shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred, and that the allowances are properly payable by the Council.

7.3.4 Un-receipted expenditure will only be considered for reimbursement at the discretion of the Section 151 Officer or his nominated officer where they are satisfied that the authorising officer has established that a receipt was not available.

7.3.6 7.3.5 Officers claims shall normally be submitted monthly, and any submitted more than six months after the expenses were incurred shall be paid only with the express approval of the Section 151 Officer. Business Managers shall ensure that all Officers using their own vehicles on Council business:

- (i) Hold a current full driving licence authorising them to drive the vehicle in question.
- (ii) Have a current insurance policy, which indemnifies the Council against all third party claims (including those of passengers) arising out of the use of the vehicle in question on the Council's business.
- (iii) Hold a current MOT certificate, where applicable, for the vehicle in question.
- (iv) Have paid the appropriate road tax, where applicable, for the vehicle.

## **7.4 Members Allowances**

7.4.1 Claims shall be undertaken in accordance with the Members' Allowance scheme approved by the Council on a form approved by the Section 151 Officer on the following basis:

- (i) Claims may be submitted at the end of each month.
- (ii) Claims for all expenses and travelling in any financial year up to the end of January must be submitted to the Financial Services Business Unit by the 5th working day of March.
- (iii) Claims for expenses and travelling during February and March must be submitted to the Financial Services Business Unit by the end of April.

7.4.2 The Member is wholly responsible for certifying the validity of the claim.

7.4.3 Further guidance concerning Members Allowances is given in the Members handbook and the latest scheme of Members Allowances approved by Council.

## **7.5 Orders for Goods, Works and Services**

7.5.1 Each member of CMT and Business Manager shall be responsible for all official orders issued from his remit ensuring that:

- (i) The estimated costs are covered by an approved budget or other prior sanction.
- (ii) There is compliance with Standing Orders and Contract Procedure Rules, and procurement law and regulations concerning tenders and contracts.
- (iii) It can be demonstrated that the purchase represents value for money.
- (iv) Order values are not split to avoid having to comply with procurement rules.

7.5.2 All orders must be made through the Council's Financial Management system and must be in the name of Newark & Sherwood District Council and in a form approved by the Section 151 Officer. Wherever possible electronic orders should be raised in advance of the purchase, and the supplier advised of the relevant purchase order number.

7.5.3 Official orders must clearly show the nature and quantity of the materials, works or services required, and details of the agreed price (or estimated price), discounts and terms in relation to packing and delivery.

7.5.4 Official orders shall indicate that invoices/accounts are to be submitted to the Financial Services Business Unit quoting the relevant purchase order number unless expressly authorised by the Section 151 Officer.

7.5.5 Official orders and variations to orders shall be authorised only by:

- (i) Business Managers.
- (ii) Duly Authorised Officers, nominated by appropriate Business Managers detailed in a schedule supplied to the Section 151 Officer showing the financial limits to an Officer's authority and a specimen signature.

7.5.6 Official orders must be generated for all work, goods, and services to be supplied to the Council except:

- (i) No order shall be issued if the estimated value of the work or services exceeds the value where a tender process is required in accordance with Contract Procedure Rules.
- (ii) For periodic payments such as rents or rates, for petty cash purchases or such other exception as the Section 151 Officer may approve.
- (iii) Goods and services ordered by use of a Council Procurement Card.

7.5.7 Council orders shall not be used for personal or private purchases.

7.5.8 Business Managers or Duly Authorised Officers must review electronic purchase orders on a regular basis and cancel those that are no longer required.

## 7.6 **Goods Received**

7.6.1 The system of checking goods received, or works done, against official orders shall be in accordance with instructions laid down by the Section 151 Officer and must be adhered to by all officers.

7.6.2 Where an electronic order has been raised, a Goods Receipt Note should be input to the Financial Management system as soon as the goods have been checked.

## 7.7 **Invoices**

7.7.1 Where an invoice is not subject to an electronic order raised on the Council's Financial Management system, due to any of the circumstances outlined at 6.4.6, the invoice should be authorised for payment by one of the following:

- (i) CMT
- (ii) Business Managers
- (iii) Duly Authorised Officers, nominated by appropriate Business Managers detailed in a schedule supplied to the Section 151 Officer showing the financial limits to an Officer's authority and a specimen signature. Business Managers shall be responsible for promptly notifying the Financial Services Business Unit of amendments to Duly Authorised Officers.

7.7.2 Before certifying an invoice, the authorising officer shall be satisfied that:

- (i) The work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- (ii) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.
- (iii) The relevant expenditure has been properly incurred, and is within the relevant estimate provision.
- (iv) Appropriate entries have been made in registers, inventories, stores records or stock books, as required, and



- (v) the invoice has not been previously passed for payment and is a proper liability of the Council.

7.7.3 Where any amendment is required to an invoice the supplier must be asked for an amended invoice or, alternatively, a credit note.

7.7.4 Business Units shall promptly forward any invoices received directly to the Financial Services Business Unit after ensuring that the appropriate purchase order has been goods receipted. The same Officer must not both authorise an order and certify that goods have been received or work done.

7.7.5 Invoices shall only be paid within the computer-based system timetable. Any invoices for which there is no purchase order and/or Goods Receipt Note on the Financial Management system cannot be paid (with the exception of those under circumstances detailed in 6.4.6) and the relevant Business Unit will be notified to correct the omission.

7.7.6 Business Managers are responsible for ensuring that all necessary data and authorisations are input to the Financial Management system to guarantee payment of commercial invoices within 30 days of receipt.

7.7.7 Copy invoices and orders substituted for the original document shall be clearly marked "copy" and initialled.

7.7.8 No payments made by the Section 151 Officer will be other than by use of official stationery or by approved electronic means.

7.7.9 The Section 151 Officer will be responsible for the deduction of any tax from payments to contractors under the provision of the Construction Industry Tax Deduction Scheme.

7.7.10 Any queries on invoices that cause delay in payment must be raised formally with the supplier. When the invoice is passed to the Financial Services Business Unit for payment the reason for delay must be provided.

## 7.8 **Petty Cash and Post**

### 7.8.1 **General**

- (i) Petty cash is only available under special circumstances. Procurement cards should be used.
- (ii) Procedures for Petty Cash Imprest Accounts and Post shall be in accordance with instructions laid down by the Section 151 Officer. New or temporary accounts/floats shall not be raised out of income.
- (iii) New or temporary accounts/floats can only be raised by Financial Services

### 7.8.2 **Petty Cash Imprest Accounts**

- (i) A Petty Cash Imprest Account is defined as a fund of cash from which incidental expenses are paid, which is topped up periodically from central funds. This differs from a change float which is a sum of money used to provide change at the start of the day, which is deducted from the total at the end of the day when calculating the day's takings. A Petty Cash Imprest Account should be kept and accounted for separately to a change float.

- (ii) Holdings of Petty Cash shall be limited to amounts prescribed by the Section 151 Officer.
- (iii) Signatures of Petty Cash holders confirming the amounts held shall be obtained annually under year-end procedures and periodic management checks shall be made to verify petty cash holdings.
- (iv) Business Managers shall be responsible for ensuring the comprehensive recording of all petty cash disbursements, the custody of supporting documents and vouchers and the safe custody of all unused balances of petty cash.
- (v) Reimbursement of petty cash shall be obtained by the production of the appropriate voucher together with receipts to the Section 151 Officer for inclusion in the invoice payment system.
- (vi) Un-receipted expenditure will only be considered for reimbursement at the discretion of the Section 151 Officer or his nominated officer where they are satisfied that the authorising officer has established that a receipt was not available.
- (vii) Two people shall be involved in the preparation/authorisation of an imprest claim.
- (viii) The Petty Cash system must not be utilised for payments that should be processed through other systems (e.g. Members/Officers expenses) unless expressly authorised by the Section 151 Officer.
- (ix) On leaving the employment of the Council or otherwise ceasing to be entitled to hold a petty cash or other float an Officer shall account to the Section 151 Officer for the amount advanced to him, and a hand over certificate shall be completed.

### 7.8.3 Post

- (i) All post should be processed through the Business Mail process.
- (ii) The Business Mail process is not to be used for personal items of mail.

### 7.9 Right to Set Off

7.9.1 The Right to Set Off concerns the situation whereby the Council owes a person money, but where that person also owes money to the Council, and the Council sets off what is owed before paying the balance (if any) to the person.

7.9.2 Business Managers shall be responsible for ensuring that suitable arrangements are in place to consider the setting off of monies owed to the Council where applicable.

7.9.3 Set Offs shall be undertaken where:

- (i) The opportunity arises, subject to any statutory obligation upon the Council.
- (ii) The circumstances of the particular case justify such a course of action.

Each case must be considered on its own merits.

7.9.4 Officers undertaking set offs shall ensure that the course of action proposed has been evaluated by the Legal Section and the VAT Officer within Financial Services prior to it being undertaken.

7.9.5 No grant shall be offered to a third party where that person/entity is in debt to the Council, and such debt has become outstanding and in arrears, without the express consent of the Section 151 Officer.

## 7.10 **Contracts**

7.10.1 All contracts shall be made and administered in accordance with the Contract Procedure Rules.

7.10.2 Directors are responsible for notifying the names of Officers authorised to sign contracts and their authorisation limits to the Section 151 Officer. Any changes should be notified to the Financial Services, Procurement and HR and Legal Business Units.

## **8. INCOME RELATED REGULATIONS**

### 8.1 **Responsibilities**

8.1.1 Business Managers shall be responsible for the collection, custody and banking of income received as due to the Council in accordance with the instructions issued by the Section 151 Officer.

8.1.2 The Accounts and Audit Regulations 2006 require that "Every Officer of the Council who pays money into a bank account of the Council, shall enter on a paying in slip, and on the counterfoil or duplicate thereof, particulars of such payment, including, in the case of each cheque paid in:

- (i) The amount of the cheque, and
- (ii) A reference (such as the number of the receipt given or the name of the debtor) which will connect the cheque with the debt or debts in discharge or partial discharge of which it was received.

Where any cheque paid in was not received in discharge or partial discharge of a debt due to the Council, the Officer shall note the fact on the counterfoil or duplicate of the paying in slip.

### 8.2 **General**

8.2.2 The rules for the collection of all income due to the Council shall be under the general control of the Section 151 Officer.

8.2.3 The records kept by each budget holder with regard to items of income shall be in such a form as may be agreed by the Section 151 Officer from time to time.

8.2.4 All payments received in cash on behalf of the Council shall be acknowledged by the issue of an official receipt. Such receipts shall only be valid if in the form of an official machine printed receipt, except where official manual receipt books are issued for prescribed purposes.

- 8.2.5 All income shall be collected and deposited intact without delay into the Council's bank account, as directed by the Section 151 Officer, on the same day as received wherever possible. Where appropriate, income shall be deposited under night-safe arrangements, including suitably secure safes on the Council's own premises, or held securely by another appropriate method approved by the Section 151 Officer. Where cash is held in secure safes on Council premises the Business Manager responsible for the service depositing the money shall ensure that sufficient insurance arrangements are in place.
- 8.2.6 No personal cheques are to be cashed out of Council funds.
- 8.2.7 All cheques, postal orders, money orders and postal drafts etc, received on behalf of and due to the Council shall be crossed "A/C Newark and Sherwood District Council" immediately on receipt unless they are already clearly marked with equivalent wording.
- 8.2.8 Post-dated cheques will only be accepted at the discretion of the Section 151 Officer.
- 8.2.9 The Section 151 Officer on receipt of details from Business Manager shall ensure that a record is maintained of all items of income due to the Council classified as "periodic income" for which fixed or varying charges apply. For this purpose the term "periodic income" shall mean any fee or charge receivable by the Council on a recurring basis one or more times in any one year.
- 8.2.10 Business Managers shall be responsible for notifying the Section 151 Officer of all items of miscellaneous income due to be paid to the Council.
- 8.2.11 Cash receipts over a value of £5,000 shall be reported to the Council's Anti Money Laundering Officer (the Section 151 Officer) who shall be responsible for taking the appropriate action. The Section 151 Officer may issue further arrangements in respect of anti-money laundering.
- 8.2.12 Instances where currency is identified as being forged shall be reported to the Section 151 Officer.
- 8.2.13 No online payment system must be set up without the prior approval of the Section 151 Officer.
- 8.2.14 All online payments must be in accordance with instructions issued by the Section 151 Officer.

### 8.3 **Cash Receipting**

- 8.3.1 Receipt books are controlled stationery and shall be retained securely.
- 8.3.2 Where Council income other than cheque payments, whether cash or otherwise, is passed from one employee to another, the receiving employee shall sign an appropriate form of receipt, which shall be retained by the Officer who passed the income.
- 8.3.3 Adequate details of receipts and specific records of cheques shall be kept which refer to the original debt.

- 8.3.4 Postal Income shall be held securely, opened wherever possible in a secure environment, by a minimum of two officers, recorded on appropriate documentation, and promptly investigated in the event of discrepancies.
- 8.3.5 Change must not be given in the event of a cheque being received for a greater value than the debt outstanding.
- 8.3.6 Coin operated machines shall be emptied on a regular basis, with the income counted in a secure environment by a minimum of two officers, with a note of machine readings being taken (where applicable), with discrepancies being promptly investigated.
- 8.3.7 Change floats shall be issued and approved by the Section 151 Officer, be kept secure when not in use, checked prior to use, and deducted from the total at the end of the day when calculating the days takings. Unofficial floats must not be maintained.
- 8.3.8 Cashing up duties shall be undertaken by a minimum of two officers, in a secure environment away from public view, with the details being recorded on an appropriate daily return, with discrepancies being promptly investigated.
- 8.3.9 Further details concerning cash handling procedures are outlined in the Cash Handling Guidance notes which can be found in the Safety section on the Council's intranet.

#### **8.4 Debtor Accounts - Recovery, Amendment and Write-Off**

- 8.4.1 The Council shall submit invoices for rechargeable work within one month of the work being completed and appropriate documentation being received.
- 8.4.2 All arrangements for recovery of outstanding debts to the Council shall be made in accordance with instructions from the Section 151 Officer (this may include the debtor details being submitted to the Council's Legal Section or an outside collection agency suitably appointed by the Council).
- 8.4.3 Cancellation of Sundry Debtor accounts, whether in part or full, shall be authorised in writing by the relevant Business Manager or Duly Authorised Officer, on the basis of appropriate documentation prepared by the originator of the debt, which justifies the said cancellation.
- 8.4.4 The Section 151 Officer shall be authorised to write off debts owed to the Council in accordance with delegated authority contained in the Council's Constitution. Items in excess of the amount specified in delegated authority may only be written off by the Policy & Finance Committee.

#### **8.5 Gifts and Hospitality**

- 8.5.1 The procedures to be adopted concerning gifts and hospitality being offered to an employee of the Council, shall be in accordance with guidance notes within the Employees Code of Conduct, Member Code of Conduct, or issued by the Councils Monitoring Officer or Section 151 Officer.

## **9. PROTECTION OF ASSETS**

### **9.1 Security**

- 9.1.1 Officers arranging legal contracts shall ensure that the legal documents are lodged with the Legal Section.
- 9.1.2 The Council's Legal Section shall be responsible for the safe custody of all legal agreements, leases etc, showing due dates for termination and for the review of "break clauses" as applicable and shall keep a register of all such legal agreements.
- 9.1.3 The Contract Officer is responsible for ensuring appropriate action is taken to meet the requirements of the relevant operative dates.
- 9.1.4 Each Business Manager shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash etc, under his control. He shall consult the Section 151 Officer (and, where necessary, the Business Manager Community Safety) in any case where it is considered that special security arrangements may be needed.
- 9.1.5 Maximum limits for cash holdings shall be agreed with the Section 151 Officer in accordance with insurance limits, and shall not be exceeded without his express permission.
- 9.1.6 Keys to safes, similar receptacles, cash offices, stock rooms and office keys must be held securely. The loss of any such keys must be reported to the Section 151 Officer immediately.
- 9.1.7 Each Business Manager shall be responsible for maintaining a secure record of key holders together with details of keys held in other locations. All keys held personally by individual officers must be signed out and signed back in again when they are no longer required to be held.
- 9.1.8 Any losses of either ID badges or building access cards must be reported immediately to the Business Manager Community Safety.
- 9.1.9 Any breaches in security shall be reported immediately to the Business Manager Community Safety.

### **9.2 Inventories**

- 9.2.1 Business Managers shall ensure that an inventory is maintained of all items, as approved, in a form approved by the Section 151 Officer.
- 9.2.2 The inventory shall give an adequate description of all movable plant and machinery, vehicles, and valuable, desirable and portable equipment belonging to Newark and Sherwood District Council. The inventory will be a permanent record and under no circumstances shall an item be deleted. Entries relating to items disposed of or transferred shall be annotated to that effect. The inventory should detail such identification marks as to enable the item to be easily identified i.e. model number, serial number, unique identification number etc.

- 9.2.3 All new inventory items purchased must be entered onto the inventory immediately and where relevant, the Insurance Officer notified.
- 9.2.4 Business Managers shall be responsible for maintaining an annual check of all items on the inventory. As part of the Annual Governance Statement process, Business Managers are asked in May each year to certify the accuracy and completeness of inventories. As such, there must be an inventory check undertaken of all items in time to complete this certification. This is a minimum requirement; in some instances a more frequent review may be appropriate.
- 9.2.5 All surpluses or deficiencies shall be properly documented and recorded as an amendment to the inventory and reported to the appropriate Director and Insurance Officer, subject to 9.2.6 below.
- 9.2.6 Surpluses or deficiencies in excess of £50 for any one item and £500 in total must be reported to the Section 151 Officer who may, at his discretion, order an investigation.
- 9.2.7 In connection with surplus inventory items with a value over £50:
- (i) Prior to disposal, the surplus item must be offered for internal use elsewhere in the Council. In this case both inventories should record the transfer.
  - (ii) All disposals must be authorised by the appropriate Business Manager.
  - (iii) The method of disposal shall be approved by the Section 151 Officer.
  - (iv) All disposals must be properly documented.
  - (v) The Insurance Officer shall be informed of all relevant disposals.
- 9.2.8 Any inventory item identified as being obsolete must only be disposed of on the authority of the appropriate Business Manager, after consultation with the Section 151 Officer.
- 9.2.9 No inventory item shall be subject to personal use by an employee without authorisation by the appropriate Business Manager. Any item removed for home working should be shown as such on the inventory or through an appropriate booking out mechanism.
- 9.2.10 Employees are responsible for inventory items allocated to them. Employees are also responsible for keeping a record if they loan inventory items to other officers.

### 9.3 **Stores**

- 9.3.1 Each Business Manager shall be responsible for the custody, control, ordering, issuing and recording of stocks and stores in his Department. The system in operation shall be subject to the express approval of the Section 151 Officer.
- 9.3.2 Business Managers shall arrange for a continuous and independent stocktaking of stores.
- 9.3.3 Stocktaking procedures shall be sufficiently regular and robust so as to ensure that stock is accurately recorded. This must include a stocktake at 31<sup>st</sup> March.

9.3.4 Following the stocktaking of stores, the following procedures shall apply:

- (i) Investigations shall be made into discrepancies to isolate and correct accounting errors. The results of any investigations including any reports must be sent to the Section 151 Officer at an early stage.
- (ii) Discrepancies still outstanding shall be presented to the appropriate responsible Director for comment and explanation.
- (iii) The Section 151 Officer shall have authority after receipt and consideration of the comments and explanations to make the necessary adjustments to the stores ledger, and may require an investigation and/or report to the Audit and Accounts Committee.

9.3.5 The Section 151 Officer shall be entitled to receive from each Business Manager such information as he requires in relation to stores for the accounting, costing and financial records, including a certificate of the value of stores held at the 31st March each year for submission at audit.

9.3.6 Prior to disposal, the Business Manager shall ensure that the Council has ownership of the asset. Surplus or obsolete materials, stores or equipment with an estimated value over £500 shall be disposed of by competitive tender or public auction, unless appropriate written approval is obtained from the Section 151 Officer who decides otherwise in a particular case. The proceeds of the sale of any asset should be paid directly to the Council without any deductions.

9.3.7 No stores item shall be subject to personal use by an employee.

#### 9.4 **Insurance**

9.4.1 The Section 151 Officer shall be responsible for effecting adequate insurance cover, through an insurance company (or companies) or such other means approved by the Policy & Finance Committee for all assets, commitments and contingent liabilities in the performance and discharge of statutory or other authorised duties by the Council, its Members and Officers.

9.4.2 No officer shall arrange insurance other than through the Council's Insurance Officer.

9.4.3 Insurance requirements shall be actioned in accordance with the Council's Insurance Manual, which can be found in the Financial Services section of the intranet.

9.4.4 The Section 151 Officer shall carry out periodic reviews to ensure the maintenance of adequate insurance cover as above, and shall maintain a record of "risks" covered, the amount of cover and premiums due.

9.4.5 Business Managers shall be responsible for promptly notifying the Section 151 Officer of the extent and nature of new risks or of any variations concerning insurance cover required in respect of their own service area.

9.4.6 Business Managers shall be responsible for promptly notifying the Section 151 Officer of full details of all accidents or occurrences likely to lead to a proper claim on the Council.



- 9.4.7 Where any claim is received from a third party by any officer, this must be immediately forwarded to the Council's Insurance Officer.
- 9.4.8 The Section 151 Officer shall maintain a record of all insurance claims made against the Council.
- 9.4.9 No correspondence should be entered into in respect of any claim or other insurance matter except by the Council's Insurance Officer, without the express approval of the Section 151 Officer.
- 9.4.10 At no time should any officer or Member or any other person acting on behalf of the Council make an admission of liability on behalf of the Council without the express authority of the Section 151 Officer.
- 9.4.11 Any expenditure in relation to dealing with the settling or resisting of claims must be authorised by the Section 151 Officer or any other duly authorised officer prior to any expenditure being committed.

### **Asset Management**

- 9.5.1 All matters relating to Asset Management shall be administered in accordance with the Council's Asset Management Plan.
- 9.5.2 The Section 151 Officer shall ensure that an Asset Register is maintained by the Council in accordance with the latest advice issued by the Chartered Institute of Public Finance and Accountancy.
- 9.5.3 It is the responsibility of the appropriate Director to ensure that Asset Management expertise is available to the Council.
- 9.5.4 The Asset Register shall include all assets of the Council valued in excess of £15,000.

### **9.6 Management of Information**

- 9.6.1 Business Managers shall be responsible for maintaining the proper security and privacy of all information under their control including computerised files and for ensuring the Council acts in accordance with the Data Protection/Freedom of Information legislation.
- 9.6.2 Intellectual property (i.e. the generic term that includes inventions, creative writings, software and drawings) arising from the course of employment will belong to the Council.

### **9.7 Motor Vehicles**

- 9.7.1 Council vehicles must not be used for private purposes, or hired or lent out, without the express approval of the appropriate Director who shall check with the Council's Insurance Officer that such use is covered by the Council's insurance policy. Records of any such use should be kept to ensure the driver of any such vehicle shall be known at all times. If there is any doubt that adequate insurance cover is in place, no such use of the vehicle shall be permitted.

- 9.7.2 Business Managers shall ensure that all Officers using Council owned vehicles hold a current full driving licence authorising them to drive the vehicle in question.
- 9.7.3 All Officers using Council owned vehicles are responsible for the security of the vehicle, whilst it is in their care.
- 9.7.4 Where a Council vehicle is to be taken home overnight to facilitate call-out, stand-by or other appropriate duties, Financial Services must be informed to ensure that taxation issues are managed appropriately.

## 9.8 **Reporting of Irregularities**

- 9.8.1 The reporting of irregularities shall be in accordance with the Council's Guidance for Dealing with Irregularities which is available in the Financial Services section of the Intranet.

## 9.9 **Whistleblowing Policy**

- 9.9.1 Each Business Manager shall be responsible for ensuring that their staff are aware of, understand and comply with the Council's Whistleblowing Policy which is available within the Council's Constitution.

## 9.10. **I.C.T. Systems**

- 9.10.1 All proposals for the acquisition, development, maintenance and use of computing facilities and systems shall conform with the Council's I.C.T. policies and strategies and the Employee Code of Conduct.

## 10. **EXTERNAL ARRANGEMENTS**

### 10.1 **Partnerships, Shared Services and Collaboration Arrangements**

- 10.1.1 No partnership or shared service arrangement shall be set up without taking into consideration the factors covered in 10.1 of these regulations.
- 10.1.2 Business Managers shall ensure that the appropriate approval is obtained prior to any negotiations being concluded in relation to work with external bodies.
- 10.1.3 The Section 151 Officer must be consulted on the financial implications of new partnerships or shared services arrangements and must approve that:
- (i) A scheme appraisal for financial viability in both current and future years has been undertaken.
  - (ii) Costs and income are provided for in the Council's budget.
  - (iii) Arrangements are in place for accurate accounting for cost and income.
  - (iv) Sufficient controls are in place for the successful operation of the partnership/shared service, including arrangements for sufficient access to financial and other records.
  - (v) Carry forward arrangements have been determined.
  - (vi) A formal risk appraisal has taken place and a management strategy devised.

- (vii) An auditing, security and control regime has been established.
- (viii) Appropriate arrangements are in place for the recovery of VAT.

10.1.4 Financial performance of partnerships and shared services must be monitored and reported back to the Council as agreed.

10.1.5 These Financial Regulations also apply to all partnerships and shared services unless similar arrangements have been approved by the Section 151 Officer.

10.1.6 Where collaboration is agreed with an external partner, the relevant Business Manager is responsible for ensuring that all income due is invoiced and recorded promptly within the Financial Management system and that invoices for expenditure incurred in relation to the collaboration are received and recorded promptly.

10.1.7 Where an Officer is working for a Collaboration partner, the Financial Regulations of the partner body will apply.

## **10.2 External Funding**

10.2.1 No applications for external funding shall be made without prior consultation with the Section 151 Officer. Directors or Business Managers shall be responsible for providing the Section 151 Officer with the following information:

- (i) How the bid is compatible with the Council's aims and priorities.
- (ii) Whether the bid is for capital or revenue funding.
- (iii) Whether matched funding contributions are required from the Council and how these will be identified.
- (iv) Whether matched funding contributions are required from other organisations and how these amounts will be secured.
- (v) An exit strategy setting out how budgets will be adjusted after the external funding expires.
- (vi) Where the bid is for revenue funding, whether it is to support existing levels of activity or enhanced/new activities.
- (vii) Where the bid is for capital funding, whether an asset will be created and how this fits in with the Council's Asset Management Plan, how the ongoing maintenance of the asset will be funded and whether the asset can/will be disposed of at a later date.
- (viii) Details of ownership and insurance of the asset.

10.2.2 Business Managers shall be responsible for ensuring that:

- (i) The key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- (ii) Any funding received is used for the intended purpose and is notified to the Section 151 Officer.

10.2.3 The Section 151 Officer shall be responsible for:

- (i) Approving all external funding bids prior to application.

- (ii) Ensuring that any funding received is properly recorded in the Council's accounts.

### **10.3 Work for Third Parties**

10.3.1 No trading company shall be set up without the prior approval of the Section 151 Officer and the Monitoring Officer.

10.3.2 The Section 151 Officer shall be consulted on the contractual arrangements for any work for third parties prior to any contract being signed.

10.3.3 Business Managers shall be responsible for ensuring that:

- (i) A register is maintained of all contracts entered into with third parties.
- (ii) Any risks are minimised and such work is intra vires.
- (iii) Appropriate insurance arrangements are made.
- (iv) The Council is not put at risk from any bad debts.
- (v) No contract is subsidised by the Council.
- (vi) Wherever possible, payment is received in advance of the delivery of the service.
- (vii) The Business Unit has the appropriate expertise to undertake the Contract.
- (viii) All contracts are properly documented.
- (ix) Appropriate information is provided to the Section 151 Officer for final accounts purposes.

## **11. DIRECTOR/OFFICER DELEGATIONS**

11.1 Director/Officer delegations will be in accordance with the latest Scheme of Delegation as approved by Council.

**Revised: July 2015**

**Next revision due: July 2017**