Dear Members

Council Meeting

I hereby give notice that a meeting of the Council will be held in the Council Chamber, County Buildings, Martin Street, Stafford on Monday 16 September 2019 at 7.00pm to deal with the business as set out on the agenda.

Tim Clegg
Chief Executive
AGENDA

1 Approval of the Minutes of the meeting of the Council held on 23 July 2019, as published in Digest No 258 on 2 August 2019

2 Apologies for Absence

3 Declarations of Interest

4 Announcements (Paragraph 3.2(iii) of the Council Procedure Rules)

5 Public Question Time - Nil

6 Councillor Session

Councillor A T A Godfrey has submitted the following question in accordance with Paragraph 12.3(a) of the Council Procedure Rules:-

"Can the Leader of the Council please inform Members why this Full Council meeting has been moved from Tuesday 17 September to Monday 16 September?"

7 Notice of Motion

A Notice of Motion pursuant to Paragraph 13.1 of the Council Procedure Rules has been proposed by Councillor A T A Godfrey and seconded by Councillor A N Pearce as follows:-

“As Members will know, many towns and cities around the country have begun to look seriously at what can be done locally to help reduce the amount of plastic being used.

We have all seen the devastating impact plastic waste has on our environment.

It is now mainstream thinking that we should drastically reduce the amount of plastic we use, much of which is ultimately discarded into our ecosystems.

The Council therefore agrees to take the following actions:

1 States its support for the eradication of single use plastic items. This policy to be made clear to all suppliers and contract holders.

2 Encourages our community to reduce and ultimately stop the use of single use plastic products.
3 Actively promote the reduction of single use plastic products.

4 Work with other agencies and local authorities to reduce the use of all single use plastic products as soon as possible.

5 Make the reduction of single use plastic products part of the implementation of the climate emergency declaration.”

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9 Annual Treasury Management Report 2018/19 40 - 49
10 Committee Business Planning Reports 50 - 63
11 Any items referred from Scrutiny Committee(s) -

Chief Executive

Civic Centre
Riverside
Stafford
ST16 3AQ
COUNCIL  
16 SEPTEMBER 2019  
Financial Procedural Rules (Regulations)

1 Purpose of Report

1.1 To present to the Council the proposed amendments to the constitution as recommended by the Head of Finance (Section 151 Officer).

2 Recommendation

2.1 That the revised Financial Procedural Rules (Regulations) (section 8 of the Constitution), as included in the attached APPENDIX, be approved.

3 Key Issues and Reasons for Recommendation

3.1 The Head of Finance in his capacity as Section 151 Officer (Local Government Act 1972 has statutory duties in relation to the financial administration and stewardship of the Council. The role involves ensuring that a consistent financial system operates for all services and a key part of control procedures is the Financial Procedural Rules (Regulations) which are applicable to all members and officers in relation to the Council's Financial Affairs.

3.2 The Council's Financial Procedural Reviews have provided a robust framework for the Financial Management of the Council and hence have remained unchanged for a number of years.

3.3 In accordance with the Code of Governance for the Council a full review of the Regulations has been undertaken to ensure the regulations reflect current working practices and to ensure the regulations remain complimentary to the Budget and Policy Procedural Rules.

3.4 The proposed changes are indicated as tracked changes in the Revised Financial Procedural Rules.
4 Relationship to Corporate Priorities

4.1 The Financial Procedural Rules are of relevance to all of the Council’s priorities.

5 Report Detail

Background

5.1 The Local Government Act 1972 directs that Authorities shall make arrangements for the proper administration of their financial affairs and one of their officers be responsible for the administration of those affairs. The Council’s Constitution designates the Head of Finance as the Council’s Section 151’ Officer.

5.2 Under powers contained in the Local Government Finance Act 1982 the Secretary of State also makes regulations as to the accounts themselves and requires them to be audited. The “Accounts and Audit Regulations” require that the “Responsible Financial Officer” must determine and be responsible for the accounting systems and the form of both the accounts and all supporting records of the authority.

5.3 Financial regulations provide the framework for managing the authority’s financial affairs. They apply to every Member and employee of the Authority and anyone acting on its behalf.

5.4 The regulations identify the financial responsibilities of the full Council, Members, the Chief Executive, the Monitoring Officer, the Section 151 Officer, Heads of Service and Service Managers/Budget Holders.

5.5 All Members and employees 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.

5.6 The Section 151 Officer is responsible for

- Maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval.

- Providing and issuing further advice, training and guidance in relation to how the Financial Regulations are to be implemented in context of the prevailing financial position of the Council and statutory or local deadlines

- He/she is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Council and/or to the members of the Cabinet and Audit Committee.
Proposed Changes to the Councils Financial Procedural Rules (Regulations)

5.7 In accordance with the Code of Governance for the Council a full review of the Regulations has been undertaken to ensure the regulations reflect current working practices and to ensure the regulations remain complimentary to the Budget and Policy Procedural Rules. In addition it is proposed that, wherever possible, a standardised form of Financial Procedural Rules (regulation) is adopted by both Stafford Borough Council and Cannock Chase Council to provide clarity for the Shared Services.

5.8 The proposed changes have been considered by Stafford Borough Council’s Leadership Team and are shown as tracked changes in the attached APPENDIX but can be summarised as follows.

5.8.1 Section 3 Regulations (3.5 K)

It is standard practice with all external funding grant claims that the actual expenditure is certified as being correct by the Section 151 Officer. The latter however represents the conclusion of a financial cycle and it is essential that all Financial Implications are assessed in advance of a bid or application being made. Bids not only need to be assessed in terms of accuracy, the match funding requirement of the Council and also the capacity to deliver.

5.8.2 Authority to Spend Money -Capital (Insertion 4.4)

The insertion reflects the change in the Capital approval process as determined by the Resources Scrutiny Committee Capital Programme Task and Finish Review and approved by Cabinet on 2 August 2018.

5.8.3 Authority to Spend Money - Revenue (insertion 5.10 b) and c))

Additional control measures are proposed to ensure any in year changes to the employee establishment are within budget or formal approval is required.

5.8.4 Trading Accounts (various)

Additional control measures are proposed covering the bidding, budgeting and monitoring process for Trading Accounts. In particular as part of the Council’s budget, a “target” will be established for each trading account as the surplus or deficit for the year on a ‘full cost’ basis. The “target” will reflect the cost of service provision for the Council and the external trading activities undertaken. In addition incentives are proposed on a risk and reward basis to provide that any surplus above target is shared 50/50 between the corporate centre and the service itself, providing resources to invest in the service / generate additional growth and offset any deficits (Regulation 6.7).
5.8.5 Fees & Charges and Income Collection

At present all Fees and Charges are considered by Cabinet, the relevant scrutiny committee and full Council. The process is bureaucratic and is contrary to other procedures rules of the Council.

A Task and Finish Group of Resources and Corporate Services Committee identified that “Where possible, the cost of providing a discretionary service should be fully recovered through charges except where the Council makes a positive decision to the contrary. Recovery should relate to the full cost of the service including overheads and capital financing costs”.

The objective of the review was to develop a Fees and Charges Policy in order to support sustainable and effective medium term financial planning in the future.

Section 5 of the Budget and Policy Procedural outlines the process for developing the budget and policy documents. A key document of the policy is the Financial Plan which sets out the principles /framework to be adopted in finalising the preparation of the following years.

At present the Plan identifies the inflation provision for the forthcoming year plus cost pressures that impact upon the level of service provision.
It is therefore proposed that the Financial Plan outlines the Fees and Charges Parameter for Inflation increases.

It is therefore proposed that Fees and Charges will be agreed in accordance with the framework as outlined in Regulation 8.2 and replicates, to a large degree, procedures in place with Freedom Leisure.

Regulation 8.2 states.

Head of Services have authority to set fees and charges at the level considered most appropriate to secure the achievement of the approved income budget for the service concerned, except where:

- a new charge is to be introduced
- the level of fees and charges are set by an outside body,
- the proposed increase is above the annual level of inflation; or
- Where the power has been specifically reserved by the Council. Any fee or charge set by a Head of Service should not have an adverse impact on the service’s overall budget.

The proposal will enable members to focus on any charges that are above inflation/ cost of service provision and the impact of any new charges.

5.8.6 The presentation of the Financial Procedural Rules (regulations) has also been amended to provide a more user friendly version that focuses on the key principles rather than finite detail.
5.8.7 Subject to the approval of the revised Financial Procedural Rules (Regulations) training will be provided to Officers and Members re the Revised Regulations.

## 6 Implications

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<tr>
<th>Area</th>
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<tr>
<td>Financial</td>
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<td>Legal</td>
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<td>Human Resources</td>
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<td>Human Rights Act</td>
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<td>Data Protection</td>
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<td>Risk Management</td>
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### 6.2 Community Impact Assessment Recommendations

- Nil

**Previous Consideration - Nil**

**Background Papers** - File available in Financial Services
Section 8 Financial Procedural Rules (Regulations)

1. INTRODUCTION

1.1 These regulations set out a minimum level of good financial practice which must be adopted by all Members and employees of the Council in relation to all of the financial affairs of the authority including partnership arrangements and particularly where the Council is the accountable body. Financial Management is the responsibility of all employees of the Council with the delegation of Financial Responsibility being directly linked to the delegation of functions and responsibilities (service provision) as detailed separately in the Constitution. The Regulations provide the control framework to be applied but are only concerned with financial matters, and therefore constitute only one of the aspects to be considered by employees in exercising their duties.

1.2 In this respect, particular (but not exclusive) attention should be paid to the following documents, which define the Council’s overall control and main procedural environment. They are listed in the order of the precedence which should be followed in the event of any conflict between their provisions:

a) European and National Law;
b) Financial Regulations (this document);
c) Procurement Regulations;
d) The Scheme of Delegations;
e) Emergency Planning Procedures; and
f) Other Council procedures, including elements of the Constitution not included above

1.3 The Council is responsible for many millions of pounds of public money and has a number of statutory responsibilities in relation to its financial affairs.

1.4 The Local Government Act 1972 directs that Authorities shall make arrangements for the proper administration of their financial affairs and one of their officers be responsible for the administration of those affairs. The Council’s Constitution designates the Head of Finance as the Council’s Section 151’ Officer.

1.5 Under powers contained in the Local Government Finance Act 1982 the Secretary of State also makes regulations as to the accounts themselves and requires them to be audited. The “Accounts and Audit Regulations” require that the “Responsible Financial Officer” must determine and be responsible for the accounting systems and the form of both the accounts and all supporting records of the authority.
He/she must further ensure (by maintaining an effective and adequate internal audit) that rules so made are observed and that all records are maintained in a satisfactory manner. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

**The Status of Financial Regulations**

1.6 Financial regulations provide the framework for managing the authority’s financial affairs. They apply to every Member and employee of the Authority and anyone acting on its behalf.

1.7 The regulations identify the financial responsibilities of the full Council, Members, the Chief Executive/Managing Director, the Monitoring Officer, the Section 151 Officer, Heads of Service and Service Managers/Budget Holders.

1.8 All Members and employees 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.

1.9 The Section 151 Officer is responsible for

- maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval.
- Providing and issuing further advice, training and guidance in relation to how the financial regulations are to be implemented in context of the prevailing financial position of the Council and statutory or local deadlines
- He/she is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Council and/or to the members of the Cabinet and Audit Committee.

1.10 Managers are responsible for ensuring that all employees in their services are aware of and comply with the Authority’s Financial Regulations and seek clarification on any issue that is uncertain or potentially conflicts with the regulations and/or supplementary advice and guidance.

**Statement of Principles**

1.11 The Council expects high standards of conduct from its Members and employees and those with whom it has dealings. As such, the Council’s value of “Integrity” underpins these Financial Regulations.

1.12 Compliance with Financial Regulations will protect Members and employees in the event of potential allegations of wrongdoing. Failure to comply with the Financial Regulations may result in disciplinary action being taken.

**The Principles**

1.13 The Council is responsible for the stewardship of public money and will make arrangements to safeguard the interests of taxpayers and other stakeholders.
1.14 The Council expects its Members and employees to exercise high standards in financial management and administration.

1.15 The planning, monitoring and controlling the use of resources is of vital importance to the Council and it will make arrangements for these activities to be undertaken effectively.

1.16 Issues of probity will be dealt with effectively and the Council will work to meet its duty to maintain proper accounts and related records.

1.17 Value for money is at the core of the Council’s financial activity and the way in which it administers its financial affairs.

1.18 Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Council’s arrangements for financial matters.

1.19 Allocation of responsibility and authority in relation to financial matters will be clearly identified.

1.20 The Council is a large organisation and is mindful of the need for consistent standards in financial administration and management across all its operations and will set in place guidance to be adhered to by all its services. In particular, it expects staff to consult with and use all of the expertise in financial matters that it has available and act on advice from such sources.

1.21 The assets and resources of the Council must be protected from loss, damage and theft.

1.22 Identifying and quantifying risks to the Council is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.

1.23 The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Council and arrangements will be made for its proper administration.

**Exceptions to Financial Regulations**

1.24 Exceptions to Regulations 1 to 5 can only be authorised by the Council unless it is determined that an emergency situation exists. In the event of an emergency, the Chief Executive/Managing Director, Head of Service or Section 151 Officer, in consultation with the Leader or Deputy Leader of the Council can authorise an exception. The Section 151 officer may vary the provisions of Regulations 6 to 18, providing that the variation is evidenced in writing (one off variation, or by the issuing of ongoing revised guidance through a Financial Guideline or Detailed Procedure Note to all relevant officers. In the latter case the changes will be reflected in the update to the Financial Regulations as part of the annual review of the Constitution.
2. THE RESPONSIBILITIES OF THE SECTION 151 OFFICER

2.1 The Section 151 Officer is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council’s objectives sustainably and in the public interest.

2.2 The Section 151 Officer must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council’s financial plan.

2.3 The Section 151 Officer must also lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

2.4 The Section 151 Officer will:

   a) determine the procedures for reporting to elected Members on financial matters incorporating the medium term financial plan, detailed budget preparation and monitoring of in-year spend against budget;

   b) determine and issue any accounting and financial instructions considered necessary to supplement these regulations;

   c) have the power to intervene in any area of the Council’s financial activity to ensure the proper conduct of the Council’s financial affairs;

   d) determine the form of the accounts and supporting records of the Council;

   e) determine the form of financial services and systems;

   f) ensure that the financial implications of any grant application is correctly assessed pre submission

   g) ensure that appropriate financial training is provided for employees of the Council.

2.5 The written approval of the Section 151 Officer is required to change or introduce any financial service, accounts or supporting records and systems that integrate or form a fundamental part of the authority’s financial records.

2.6 The Section 151 Officer is also responsible for maintaining a continuous review of the Financial Regulations and recommending updates as appropriate.
3. **THE RESPONSIBILITIES OF HEAD OF SERVICE/ ALL MANAGERS**

3.1 The responsibility for the management of the financial aspects of service provision is, within the framework of Financial Regulations, delegated to Head of Services and managers.

3.2 If Managers are unclear about any aspects of these regulations or their interpretation, they must seek clarification from the Section 151 Officer or their representative. Failure to comply with them may result in maladministration or an illegal act, which might be the subject of an investigation by, for example, the Monitoring Officer, Internal Audit, External Audit, the Local Government Ombudsman and/or the Police.

3.3 Managers are advised to consider whether any action they wish to take on behalf of their own service may conflict with the interests of another service. If this is the case, the Chief Executive/Managing Head of Service and the Head of Service(s) for the services involved must be advised in advance. If the Chief Executive/Managing Head of Service considers that there is a conflict, then he/she will determine the course of action to be taken.

3.4 All managers are responsible for ensuring that all employees in their service are aware of the existence and contents of the Financial Regulations and that they comply with them. The Financial Regulations apply to all employees of the Council.

3.5 In order to ensure that the financial affairs of their services are properly maintained, all Managers will:

   a) Ensure that the scheme of Financial Delegations for their services is maintained up to date;

   b) be accountable for the security of all resources (including cash and keys) and assets within their area of responsibility;

   c) report any thefts or losses of Council assets or income;

   d) to plan, account for, monitor and control their budget;

   e) ensure value for money is achieved in the delivery of all services;

   f) consult with the Section 151 Officer on any issue that impacts, or could potentially, upon the financial affairs of the Council;

   g) ensure that effective internal control procedures are in place for their service area;

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1 For the purposes of these Financial Regulations all references to Managers includes Head of Services and Service Managers
h) maintain any accounts and records under their control to the standard required by these regulations and any directions issued by the Section 151 Officer;

i) ensure that their staff are aware of these regulations and their significance, and that they have access to copies;

j) ensure that the written permission of the Section 151 Officer is obtained before the establishment of any unofficial or voluntary funds under the control of a Council employee in their official capacity, and that such funds are subject to audit as prescribed by the Chief Internal Auditor.

k) **Ensure the written approval of the Section 151 Officer is obtained before a bid or application; grant claim etc. is submitted for any external funding (revenue and capital);**

l) facilitate the Chief Internal Auditor or their authorised representatives to:
   
   - enter at any time onto any premises or land used or owned by the Council without necessarily giving prior warning;
   
   - have access to any information that they require in order to carry out their duties, including access to all records, correspondence and computer systems;
   
   - make checks and seek explanations as they consider necessary;
   
   - require any employee to produce cash, stores or other Council property under their control, and to remove the same for a short period, having consulted with the appropriate Head of Service regarding the needs of the Council for the ongoing provision of services.
4. AUTHORITY TO SPEND MONEY - CAPITAL

4.1 All Council expenditure is deemed to be revenue expenditure, to be met in the year of account in which it is incurred, unless it is specifically deemed to be capital expenditure by the Council by inclusion in an approved capital programme.

4.2 Capital programmes for a 3 year period are determined and approved (by Full Council) as part of the annual Budget Setting process. Inclusion in year will only take place in exceptional circumstances and will require full Council approval.

4.3 Before expenditure can be included within the Council’s capital programme it must:

a) Be planned to be spent on an item of lasting nature, having benefit to the Council for more than one year;

b) Have a gross cost, including fees, in excess of £20,000.

4.4 Inclusion within an approved capital programme does not confer authority to spend but simply earmarks future expenditure for a scheme level. Any scheme in the Capital Programme will require permission to spend to be approved by Cabinet and will be subject to key milestones being in place/delivered such as Planning Permission; External Funding approval etc. A separate Capital Budget will exist which will analyse expenditure over the duration of the scheme for approved schemes only. If no commitment to spend is made within a 3 year period; the programmed spending will be removed from the Capital Programme.

4.5 Cabinet approval will be required to change the use of a previously approved capital expenditure scheme.

4.6 Schemes will be designated ‘stage 1’ (approved and uncommitted) and ‘stage 2’ (approved and committed) in the published multi-year Capital Programme and the annual Capital Budgets for clarity. Stage 1 confers approval in principle only and stage 2 confers full approval to spend.

4.7 The Section 151 Officer will issue detailed procedures regarding capital expenditure, including annual procedures and timetables, monitoring requirements and outturn reporting which must be adhered to as part of these regulations.

4.8 Sums within the Capital Budget may be vired between approved schemes and moved between financial years by the Cabinet, providing that the corresponding funding can also be transferred. Any approved amounts within schemes included in the Capital Budget remaining unspent at the end of a financial year may be carried forward to the following year by a Head of Service, providing that the Head of Service has:
(i) Satisfied themselves that the funding for the scheme will transfer to the following year.

(ii) Ensured that no additional expenditure will fall to the Council as a result of the delay.

(iii) Notified the Section 151 Officer within 30 days of the year end that the scheme is subject to rollover, and of the revised timetable for implementation.
5. **AUTHORITY TO SPEND MONEY - REVENUE**

5.1 Managers must prepare a revenue budget of income and expenditure in accordance with the timetable issued by the Section 151 Officer and in the form required by the Section 151 Officer.

5.2 The Section 151 officer will, after consultation with the relevant Head of Service, prepare a detailed budget for each service area having taken into account the submissions of managers; the priorities of the Council and the resources available to the Council that determine a balanced budget in accordance with the Councils Budget and Policy Framework.

5.3 No money can be spent out of that budget until the budget has been approved by the Council.

5.4 Money may be spent on any item considered by the appropriate Manager to be reasonably required to carry out the policies of the Council and at any time in the financial year concerned provided that:

a) The expenditure is in accordance with the budget; and,

b) The item concerned is fit for the purpose, and,

   EITHER
   
   • Enough money has been provided in the budget for the item;

   OR
   
   • Enough money can be transferred (vired) from another budget, subject to the virement rules set out below.

5.5 Money may be transferred (vired) from one revenue budget to another, subject to the following approvals:

1. **Within the same** cost centre:

   - **Service Manager**
     - up to **£10,000** where Council policy is not changed and no increase in costs will result in future years

   - **Head of Service and Section 151 Officer (Jointly)**
     - no limit, where Council policy is not changed and no increase in costs will result in future years

   - **Council**
     - no limit, where Council Policy is to be changed.
2. **Between Cost Centres within the same Service (as designated within the Approved Budget Booklet):**

<table>
<thead>
<tr>
<th>Role</th>
<th>Limit</th>
<th>Conditions</th>
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<tbody>
<tr>
<td>Service Manager</td>
<td>Up to £10,000</td>
<td>where Council policy is not changed and no increase in costs will result in future years</td>
</tr>
<tr>
<td>Head of Service and the Section 151 Officer (jointly)</td>
<td>no limit</td>
<td>where Council policy is not changed and no increase in costs will result in future years</td>
</tr>
<tr>
<td>Council</td>
<td>no limit</td>
<td>where Council Policy is to be changed.</td>
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3. **Between Services within the same Portfolio and Head of Service:**

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<th>Role</th>
<th>Limit</th>
<th>Conditions</th>
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</thead>
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<tr>
<td>Both Service Managers and the Head of Service</td>
<td>up to £10,000</td>
<td>where Council policy is not changed and no increase in costs will result in future years</td>
</tr>
<tr>
<td>Head of Service and the Section 151 Officer (jointly)</td>
<td>no limit</td>
<td>where Council policy is not changed and no increase in costs will result in future years</td>
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<tr>
<td>Council</td>
<td>no limit</td>
<td>where Council Policy is to be changed.</td>
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4. **Between services under different Heads of Service:**

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<th>Limit</th>
<th>Conditions</th>
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<td>Both Head of Services, plus the Section 151 Officer</td>
<td>no limit</td>
<td>where Council policy is not changed and no increase in costs will result in future years</td>
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<tr>
<td>Council</td>
<td>no limit</td>
<td>where Council Policy is to be changed.</td>
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5.6 **In conjunction with the above, the following overriding principles shall apply:**

a) **Virements between the General Fund; Collection Fund or any other “Funds” shall not be permitted under any circumstances;**

b) **The employee budget is “ring fenced” meaning that funds cannot be transferred in or out of employee budgets without the Section 151 Officer’s prior approval;**

c) **All employees shall inform the Section 151 Officer in writing of all virements approved by them within five working days, and the reason for the transfer;**
d) The Section 151 Officer will keep an up-to-date record of the Council’s “approved budget”, including all agreed virements and will inform the relevant delegated officer of any changes to such budgets;

e) The Council shall specify any budget head against which no virement should be made without its express approval;

f) Cabinet may specify any budget head against which no virement should be made without their express approval

g) Leadership Team may specify any budget head against which no virement should be made without their express approval;

h) The Section 151 Officer may make any virement resulting from changes in accounting practices which do not affect Council policies or result in an overall increase in Council expenditure, and may amend the budget and other accounting records accordingly.

5.7 The ‘roll-over’ of budgets is defined as the carrying over from year to year of unspent or overspent balances into succeeding years.

5.8 A formal request is required for the rollover of any budget heading whereby the rollover is greater or equal to £2,500. Where additional income (other than grant funding) has been received this would not normally be considered for rollover as this is not part of a change in planned spending but fortuitous income.

5.9 Any unspent or overspent sums within the ‘supplies and services’ revenue budgets, or other budgets specifically agreed by the Section 151 Officer, shall be carried forward (‘rolled-over’) and added to or subtracted from the subsequent year’s budget except:

a) Where virements have been made into a budget head, any under spending as a result of sums vired shall not be rolled-over;

b) The total of underspends rolled-over from a ‘budget page’ shall not exceed the total underspending by the ‘budget page’ under all controllable budget heads.

The carry over of a budget for more than one year i.e. any roll-over that relates to a previous year roll-over, will require approval regardless of the amount concerned.

5.10 Special rules apply to employee budgets:

a) Employee costs will only be included in the budget where the post is included in the approved establishment and at the grade included in the approved establishment;
b) **New posts may only be created in the establishment where there is sufficient budgetary provision; as contained in the employee budget and approval of the Section 151 officer sought.**

c) **Where posts are re-graded, the additional costs of the re-grading and the source of additional funding must be approved by the Section 151 officer.**

5.11 In general, any budgets consistently under or over spending will be reviewed as part of the budget setting process, to ensure that the Council's budgets match the Council's priorities as closely as possible.
6. TRADING ACCOUNTS

6.1 Certain parts of the Council ‘trade’ with third parties, or other parts of the Council, on the basis of true commercial competition. Services to be classed as trading accounts will be as determined by the Section 151 Officer, having regard to CIPFA’s Service Reporting Code of Practice (SERCOP). In conjunction with the Head of Law and Admin services, the circumstances surrounding these “trading accounts” are such that a modified form of accountability is needed.

6.2 In circumstances where it is permitted by legislation, the Head of Services responsible for the trading account will also be permitted to submit tenders for work outside the Council up to a total cumulative value of 10% of an individual trading account’s annual turnover. Any tenders which could cause the total to exceed this sum will need approval by the Council. If successful, the Head of Service will be responsible for:

- approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
- Maintaining a Register of contracts
- Ensuring that the appropriate expertise exists to fulfil the contract.
- Ensuring that no contract adversely impacts upon the services provided by the Council and that appropriate insurance arrangements are in place and the financial standing of the organisation is assessed
- authorised to incur expenditure in accordance with the tender.

The circumstances surrounding these “trading accounts” are such that a modified form of accountability is needed.

6.3 This section overrides the provisions for virement and roll-over contained in section 5 above. All other provisions of the section will, however, apply.

6.4 As part of the Council’s budget, a “target” will be established for each trading account as the surplus or deficit for the year on a ‘full cost’ basis. The Target will reflect the cost of service provision for the Council and the external trading activities undertaken.

2 Full cost includes all charges to a trading account, including internal recharges and capital charges.
6.5 The Head of Service responsible for a trading account will be expected to manage the income and expenditure of the trading account at such a level that the target or a favourable variance is achieved.

6.6 Head of Services responsible for trading accounts will be permitted to ‘tender’ for Council work up to any sum, and, if successful, will be authorised to incur expenditure in accordance with the tender. A schedule of additional contracts entered into in the financial year will be forwarded to the Section 151 Officer as soon as practically possible to ensure the Trading account Budgets are updated accordingly. The service will be charged with the marginal costs of additional service provision, unless a contract requires a change in the level of support services required.

6.6 In circumstances where it is permitted by legislation, Head of Services responsible for trading accounts will also be permitted to submit tenders for work outside the Council up to a total cumulative value of 10% of an individual trading account’s annual turnover. Any tenders which could cause the total to exceed this sum will need approval by the Council. If successful, the Head of Service will be authorised to incur expenditure in accordance with the tender.

6.7 Unless otherwise required legally, 50% of all “surpluses” received above target will be paid into General Fund reserves, with the remaining 50% carried forward to invest in the service or offset any potential deficits on individual trading accounts in future years. Any “deficits” would be initially charged against surpluses held in reserve in respect of the service incurring the deficit. Beyond this amount, targets for the service would be increased in subsequent years in order to recover the deficits made.
7. BANKING & TREASURY MANAGEMENT AND TAXATION ARRANGEMENTS

7.1 The Section 151 Officer has a personal fiduciary duty in respect of all monies of the Council and shall determine how decisions are made in respect of banking, borrowing, investment, and financing, in accordance with:

a) CIPFA’s “Code for Treasury Management in Local Authorities”; and;

b) the Council’s own Treasury Policy Statement as approved from time to time by the Council, and its Treasury Strategy Statement, as approved annually by the Council.

7.2 The Section 151 Officer must report at least twice annually to the Council and the respective Monitoring Committee for treasury management activities and decisions implemented in the form of a mid-year review and an annual report.

7.3 The Section 151 Officer shall have sole discretion to determine whether assets should be leased, rented or acquired by any other form of deferred payment. No lease, rental or other form of deferred payment may be entered into without the written authority of the Section 151 Officer, other than:

a) Property leases authorised by the Head of Service responsible for the property;

b) plant and equipment, which may be hired by a Manager for a continuous period not exceeding twelve months.

In both such cases budgetary provision must exist for the lease or rental payment and notification and copies of the lease documentation must be sent to the Section 151 Officer.

7.4 All discussions and negotiations with HM Revenue and Customs on taxation related matters should be undertaken by the Section 151 Officer, who shall also arrange for the completion of all taxation related returns on behalf of the Council. The Head of Human Resources has delegated authority to liaise with HM Revenue and Customs in respect of payroll issues only.

7.5 Banking arrangements and the handling of cheques, electronic payments or other instruments of payment must be in accordance with standards and procedures determined by the Section 151 Officer. In particular:

a) Only the Section 151 Officer may approve the setting up of any bank account associated with the Council in relation to its own affairs/ partnership arrangements or accountable body and any variation to banking arrangements including direct debit mandates. (A bank is termed to be any financial institution, bank or building society). A new bank account can only be created following a written request to the bank by two designated bank signatories.
b) Cheques produced as output from the Council’s computerised financial systems bear the printed signature of the Section 151 Officer. No further signature is required except for a second authorised signature for cheques exceeding £50,000.

c) Any alterations to a cheque must be initialled by an authorised signatory.

d) The opening of cheques for cash is to be authorised in exceptional circumstances only and must be in accordance with the Cheque Opening Guidelines issued by the Section 151 Officer.

e) No employee shall arrange to make payments from any Council bank account other than in accordance with these regulations.

f) New Purchase Cards will only be issued by the Council’s bankers upon approval of the Section 151 Officer.

g) The use of Purchase Cards (Government Procurement Cards) must be in accordance with the Purchase Card Guidelines issued by the Section 151 Officer.
8. FEES & CHARGES AND INCOME COLLECTION

8.1 All managers must review their fees and charges at least annually, having regard to any general policy on fees and charges agreed by the Council and the guidelines issued by the Section 151 officer as part of its annual budget setting strategy.

8.2 Head of Services have authority to set fees and charges at the level considered most appropriate to secure the achievement of the approved income budget for the service concerned, except where:

- Where a new charge is to be introduced
- the level of fees and charges are set by an outside body,
- the proposed increase is above the annual level of inflation; or inflation; or
- where the power has been specifically reserved by the Council. Any fee or charge set by a Head of Service should not have an adverse impact on the service’s overall budget.

8.3 Council approval will be required for any proposed change in fees and charges if an adverse impact on current or planned income budgets outside that anticipated in the Medium Term Financial Strategy is expected to result.

8.4 All changes to fees and charges must be notified in writing to the Section 151 Officer before implementation.

8.5 Managers are responsible for ensuring that:

- Fees and Charges correctly identify whether the charge is liable for VAT in accordance with current VAT regulations;
- Any charge indicates whether it is inclusive or exclusive of VAT;
- VAT is charged correctly when raising invoices or collecting income

8.6 If Managers are unclear about any aspects of Vat requirements, they must seek clarification from the Section 151 Officer or their representative.

8.7 Managers are responsible for complying with any procedures and standards approved by the Section 151 Officer for the collection, custody, control and banking of money due to the Council.

8.8 Managers are responsible for ensuring that income is paid fully and promptly into the Council’s bank account in the form in which it is received. Paying in slips must be completed to evidence the banking and provide an audit trail.

8.9 All amounts due should be collected in full in advance of service provision where possible by the following payment methods:

- Direct Debit
- Cheque;
- Credit or debit card.
8.10 The following payment options are available for customers wishing to make a payment:

- in person at the point of service provision/sale;
- by telephone, assisted by the Council’s Contact Centre staff;
- by telephone via the Council’s automated telephone payment system;
- via the internet using the links to the Council’s internet payment system on its website.

8.11 Where it is not possible to obtain payment in advance of service provision, Managers are responsible for ensuring that an invoice for the amount due is raised promptly in the Council’s finance system.

8.12 Invoices should be avoided wherever possible for sundry debts below the value of £20.00 and the income should be collected in advance of a service being provided by the Council.

8.13 Managers are responsible for following the Council’s Joint Credit Control Policy so that appropriate recovery procedures are followed for debts that are not paid promptly, including legal action where appropriate.

8.14 Managers are responsible for assisting the Section 151 Officer in collecting debts that they have originated, by providing any further information and appropriately signed documentation required by the Debtors Officer (Finance Section).

8.15 Where a situation arises after the raising of any invoice, that the invoice appears not to be valid, the invoice may be cancelled by the Section 151 Officer, on recommendation of the appropriate Head of Service.

8.16 Where debts are due and have actively been pursued, but remain unpaid, the Section 151 Officer is authorised to write-off bad debts up to £2,500.00 on recommendation of the appropriate Head of Service. The Section 151 Officer will report to Cabinet the number and value of debts written off in this way.

8.17 For debts over £2,500.00, outstanding amounts may, on recommendation of the Section 151 Officer, be referred to the Cabinet for consideration for write off.
9. **ESTATES**

9.1 The ownership of all of the Council’s properties shall be vested in the Cabinet, except those properties legally required to be held elsewhere.

9.2 **The Head of Service The Property Officer**, as determined by the relevant scheme of delegation, will act in the capacity of “landlord” for all of the Council’s properties as vested in the Cabinet and will

- maintain a register of all properties owned by the Council, the service of the Council currently using the property, the purpose for which it is held, extent and plan reference, purchase details, latest valuation, particulars of nature of interest and rents payable and particulars of tenancy granted, together with such other further details as may be found useful after consultation with other Head of Services.

- Ensure that appropriate insurance arrangements are in place for all properties

9.3 The Head of Law and Administration(or other such person nominated by the Head of Law and Administration Council’s Solicitor in writing) shall ensure the safe custody of all title deeds.
10. STOCK AND INVENTORIES

10.1 In order to ensure that the financial affairs of their services are properly managed, Managers will be accountable for the security of all resources and assets within their area of responsibility.

10.2 Any Manager who holds items for future consumption, other than normal “office consumables”, such as paper, pens, or computer consumables, must inform the Section 151 Officer, who must then determine whether the provisions of these regulations will apply. All items for which such a determination has been made are referred to as either “stock” or “inventory” for the purposes of these regulations.

10.3 Stocks should be kept at a minimum level consistent with meeting service needs and having regard for obtaining the best value for the authority.

10.4 Inventories shall be maintained by each Manager in accordance with the procedures approved by the Chief Internal Auditor. (The Head of Technology is responsible for ensuring that an appropriate inventory is maintained detailing all IT equipment and Software of the Council.

10.5 The Council’s assets shall not be removed otherwise than in accordance with the ordinary course of the Council’s business or used otherwise than for the Council’s purposes except where a specific arrangement has been approved and evidenced in writing by the appropriate Head of Service.

10.6 Managers will be responsible for the accuracy of their services’ stock and inventory records, and will ensure that appropriate checks are made regarding their accuracy. As a minimum, checks should be carried out annually.

10.7 For the purposes of these regulations, it is not necessary to maintain an inventory for items whose aggregate value is below £50.00.

10.8 An annual statement of quantities in stock as at 31 March, together with a valuation, must be supplied to the Section 151 Officer, certified by the responsible Manager, no later than two weeks after the end of the financial year, unless a specific exemption has been agreed in writing between the Section 151 Officer and the Manager concerned. Where, in the view of the Section 151 Officer and the responsible Manager, the stock holding is of sufficient value, the responsible Manager will be required to make arrangements for stocktaking at least annually or alternatively that an independent stocktaking valuation certificate is obtained.

10.9 Any stock adjustments must be approved by the appropriate Manager and reported immediately to the Section 151 Officer.

10.10 Losses or thefts of stock or inventory items must be reported to the Chief Internal Auditor as soon as practicably possible.

10.11 Managers must be able to demonstrate that the disposal of surplus stocks and stores and inventory items, employees have followed the procedures approved by the Chief Internal Auditor.
11. ORDERS FOR WORKS, GOODS AND SERVICES AND PAYMENT OF ACCOUNTS

11.1 All purchases of goods, service or works should be made in accordance with the Procurement Regulations.

11.2 The ordering of and payment for goods and services shall only be undertaken in the format and using procedures approved by the Section 151 Officer. All work, goods or services to be supplied to the Council shall be ordered via the Council’s electronic purchase ordering system, reflecting the “No Purchase Order No Pay” policy of the Council. Standing exceptions only exist for procurement card purchases, petty cash payments and work which is part of a formal contract. Requests for other exceptions must be approved by the Section 151 Officer.

11.3 Orders for goods and services shall not be issued unless the expenditure is included in an approved estimate or other specified financial provision.

11.4 No employee should enter into an agreement to make a payment other than in accordance with these regulations, though the Section 151 Officer is authorised to give written approval to the variation of this section where necessary for the efficient conduct of the Council’s activities.

11.5 Apart from payments from advance accounts (see Regulation 12) or utilisation of Purchasing Cards the normal methods of payment of money due from the Council shall be by BACS, or by single crossed cheque drawn on the Council’s Bank account in accordance with the Council’s scheme. No other method of payment including direct debits, standing orders or any form of deferred payment such as leasing or rental shall be used without the written approval of the Section 151 Officer.

11.6 The appropriate Manager, or such other employee authorised by him/her in writing in accordance with the scheme of Financial Delegations, shall be authorised to approve payment of supplier invoices, having satisfied themselves that, save to the extent that the Section 151 Officer may otherwise approve:

a) The work, goods or services to which the account relates have been received, carried out, examined and approved, both as to quantity and quality by another authorised officer;

b) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct, having been checked against prior quotes, tenders or price lists by another authorised officer;

c) The relevant expenditure has been properly incurred and can be met from the relevant budget;

d) Appropriate entries have been made in inventories, stores records or stock books as required;
11.7 Accounts shall be certified without delay in the format, and with any supporting documentation, specified in guidance approved by the Section 151 Officer, who shall be entitled to make such enquiries and to receive such information and explanations as he may require.

11.8 Incorrect supplier invoices should not be amended by Council employees. They should be returned to the supplier with a request to provide an invoice for the correct amount or a credit note. Where the item of expenditure is subject to VAT either:
- A VAT invoice is obtained to ensure that the appropriate amount can be recovered; or
- A VAT receipt is obtained and forwarded to the Chief Finance Officer.

11.9 In exceptional certain circumstances, it will be necessary to make payments to external bodies where the placement of an order is not possible, and no invoice will be submitted to the Council for payment. The Section 151 Officer will maintain a list of items falling into this category, which must be authorised for payment using the appropriate “payment request” forms instead of a supplier invoice. In all other respects, these payments must be processed in the same way as payments to suppliers.

11.10 In circumstances approved by the Section 151 Officer, the authority for approving accounts for payment shall fall to the Head of Service responsible for the payment, provided that an order has been electronically generated within the Council’s finance system and that the goods or services ordered have been satisfactorily goods receipted in the system.

11.11 The Manager responsible for the order will be responsible, at the time of placing the order or noting receipt of the goods as appropriate, to satisfy themselves that:

a) The order placed has been fully priced within the Council’s finance system;

b) The work, goods or services to which the order relates have been received, carried out, examined and approved, both as to quantity and quality and that the goods have been notified as “received” in the Council’s finance system to certify that this is the case;

c) The relevant expenditure has been properly incurred and is within the relevant budget;

d) Appropriate entries have been made in inventories, stores records or stock books as required.
11.12. The Principal Accountant – Exchequer Services responsible for the payment of invoices will, before paying any sums due in this way, shall satisfy themselves:

a) The work, goods or services to which the account relates have been recorded within the Council’s approved system as received or carried out;

b) The priced account is in accordance with the priced order, subject to any tolerance that may be approved by the Section 151 Officer;

c) Any request for payment which is not in accordance with the requirements above is specifically approved by the Head of Service in addition, and that this is recorded within the Council’s system.

d) The account is an original, rather than any form of copy, has not been previously passed for payment and is a proper liability of the Council.

11.13 No employee shall certify any account for payment where that employee is to benefit from the payment. In such cases an independent certification must be obtained.
12. ADVANCE ACCOUNTS

12.1 Head of Services shall provide such advance accounts or floats as considered appropriate for such employee of the Council as may need them for the purposes of defraying petty cash and other expenses, subject to the approval of the Section 151 Officer should such an advance exceed £500. Such accounts shall be maintained on the imprest system and will be identified as "advance" accounts.

12.2 The conduct of advance accounts or floats must be in accordance with instructions approved by the Chief Internal Auditor, and should not, in particular, be used as a means of circumventing other parts of these regulations. No income received on behalf of the Council may be paid into an advance account, but must be banked or paid to the Section 151 Officer as provided elsewhere in these regulations.

12.3 Any employee responsible for an advance account or float shall, if so requested, give to the Section 151 Officer a certificate of the value of the account.

12.4 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an advance account or float, an employee shall account to the relevant Head of Service for the amount advanced to him.

12.5 Any discrepancy in relation to an Advance Account must be reported without delay to the Section 151 Officer.
13. **SALARIES AND WAGES**

13.1 The payment of all salaries, wages, compensation, allowances and other emoluments to all members, employees or former employees of the Council shall be made by the Head of Human Resources under arrangements approved by the Section 151 Officer. The Head of Human Resources shall have the power to make changes to such payments reflecting changes in local or national pay rates or conditions of service. Such payments shall be made by BACS, unless otherwise agreed in writing by the Section 151 Officer.

13.2 The Head of Human Resources shall retain records of all matters affecting the payment of such emoluments and in particular:

a) Appointments, resignations, dismissals, suspensions, secondments and transfers;

b) Absences from duty for sickness or other reason which may affect payment;

c) Changes in remuneration;

d) Information necessary to maintain records of service for pension, income tax and national insurance.

13.3 Appointments of all employees shall be made in accordance with the Council’s Scheme of Delegations and the approved grades and rates of pay.

13.4 All individuals who undertake work for the Council will be paid under arrangements determined by the Head of Human Resources in accordance with the Council’s guidelines.

13.5 All time records or other documents shall be in a form approved by the Section 151 Officer and shall be certified by or on behalf of a Manager by an officer so approved in accordance with the scheme of Financial Delegations.
14. TRAVELLING, SUBSISTENCE AND OTHER ALLOWANCES

14.1 All claims for payment of car allowances, subsistence allowances, travelling and training and other expenses shall be submitted to the Head of Human Resources in a format approved by the Section 151 Officer, duly certified by an authorised employee in accordance with the scheme of Financial Delegations.

14.2 A schedule of applicable rates will be maintained by the Head of Human Resources.

14.3 The certification by or on behalf of the Manager shall be taken to mean 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.

14.4 Claims must be submitted on a monthly basis for the previous month’s expenses. Any claims that cover a back dated period in excess of three months will require the special approval of the Section 151 Officer before payment.

14.5 All claims received by the notified monthly deadline will be paid with that month’s salary. Claims must be accompanied by appropriate receipts to evidence expenditure incurred.

14.6 Employees who are required to use their private vehicle for work purposes on an ad hoc or regular basis must ensure that their car is insured for business use.

14.7 Managers must check, at least one a year that their employees who are required to use their private vehicle for work purposes on an ad hoc or regular basis have:
   a) valid car insurance for business use; and
   b) a valid driving licence.

14.8 Payment of Members’ travelling or other allowances will be made by the Head of Human Resources on receipt of the appropriate form duly completed and submitted by the Member. All claims received by the notified monthly deadline will be paid with that month’s basic allowance.

14.9 The Section 151 Officer shall be responsible for determining the Council’s scheme for car loans and its operation. The Section 151 Officer shall be responsible for updating and approving the interest rate payable on car loans.
15. **RISK & INSURANCES**

15.1 Managers will be responsible for supporting the delivery of the Council’s Risk Management Policy and Strategy.

15.2 Managers should notify the Insurance Officer of the extent and nature of all new insurable risks and any alteration affecting existing insurance risks.

15.3 Managers shall notify the Insurance Officer of all appropriate employees of the Council to be included in suitable fidelity guarantee insurance.

15.4 The Insurance Officer shall effect all insurance cover in respect of insurable risks, including fidelity guarantee insurance, in consultation with the Section 151 Officer.

15.5 Managers shall give prompt notification to the Insurance Officer in writing of any loss, liability or damage or any event likely to lead to a claim, and, inform the police in appropriate cases.

15.6 The Insurance Officer shall undertake all liaison with the Council’s insurers in respect of the negotiation and payment of all claims in consultation with Head of Services where necessary.

15.7 No Council Member or employee shall be permitted to discuss or admit liability to a third party, other than the Insurance Officer, in consultation with the Council’s Solicitor where appropriate, in the course of settling a claim.

15.8 Managers shall provide the Insurance Officer with the information available to deal with any claim arising.

15.9 Where claims under the Council’s public liability policy fall below the excess limit, and the Manager concerned has accepted liability, the Insurance Officer in shall consider, negotiate and make any payment due in settlement of the claim.

15.10 Formal indemnity can only be granted by the Council’s Solicitor in consultation with the Insurance Officer.

15.11 The Insurance Officer shall annually, or at such other period as they may consider necessary, review all insurances in consultation with Managers as appropriate.

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3 The “Insurance Officer” for the purposes of these regulations shall be the service manager who has responsibility for the Insurance function within their job description
16. THE POWERS AND DUTIES OF INTERNAL AUDIT

16.1 Internal Audit is an assurance function which primarily provides an independent and objective opinion to the Council on its governance arrangements and internal controls.

16.2 Managers, and not Internal Audit, have ultimate responsibility for ensuring that internal controls throughout the Council are adequate and effective. This responsibility includes the duty to continuously review internal controls and ensure that they remain suitable in design and effective in operation. The existence of Internal Audit does not diminish the responsibility of management to establish and maintain systems of internal control to ensure that activities are conducted in a secure, efficient and effective manner.

16.3 The Chief Internal Auditor and the Section 151 Officer have a responsibility for ensuring that the Council has an adequate and effective internal audit service in operation in accordance with Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015.

16.4 The work of the Internal Audit Section will be performed with due professional care and in accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) and any subsequent guidance which updates or replaces these.

16.5 The Chief Internal Auditor will fulfil the role and responsibilities of the “Chief Audit Executive” as set-out in the PSIAS.

16.6 In order to perform their duties, the Chief Internal Auditor or their nominated representatives have authority to:

   a. enter at all reasonable times, any Council premises or land;
   b. have access to all records, documents, correspondence and computer systems relating to the Council and its activities;
   c. require and receive such explanations as necessary concerning any matter under examination;
   d. require any employee of the Council to produce records, cash, stores or any other Council property under their control, necessary to carry out their duties.

16.7 Where necessary such rights of access may be called upon and should be granted to Internal Auditors on demand and not subject to prior notice or approval. All employees are required to assist Internal Audit in fulfilling its roles and responsibilities.
16.8 For Internal Audit to fulfil its responsibilities effectively, it must be independent of the activities it audits. In order to achieve this, it should not be involved, as a matter of routine, in the operation of procedures or financial services within the Council. Where the Chief Internal Auditor's independence is comprised this must be agreed with the Section 151 Officer and suitable alternative arrangements put in place.

16.9 The Chief Internal Auditor has the right to direct access to the Section 151 Officer, Chief Executive / Managing Director, Heads of Service, Chair of the Audit Committee, Leader of the Council and External Auditors, where it is deemed necessary.

16.10 Internal Audit supports the Section 151 Officer in carrying out their statutory duty to providing an effective system of internal control at the Council. Internal Audit shall report any significant control weaknesses in systems to the appropriate Head of Service and the Section 151 Officer. If action is not taken within the time specified by the Chief Internal Auditor, escalation procedures will be commenced, including reporting the matter to the Head of Service, the Monitoring Officer, the Head of Governance, Section 151 Officer, Chief Executive/Managing Head of Service and/or the Council’s Audit Committee.
17. **FRAUD & IRREGULARITIES**

17.1 Managers are responsible for establishing procedures to prevent and detect fraud occurring within their service area.

17.2 Any officer who suspects that these regulations have been or may be breached, that any financial records may have been falsified or that resources of the Council have been or may be stolen, must immediately notify the Head of Governance, Section 151 Officer or the Chief Internal Auditor.

17.3 The Chief Internal Auditor in consultation with the Section 151 Officer\(^4\) will be responsible for involving the Police in any matters relating to fraud or breaches of these regulations.

17.4 Where there is a suspicion that Money Laundering may be occurring the Chief Internal Auditor or Head of Governance must be informed immediately and the Council’s Money Laundering Framework must be followed.

17.5 The Chief Internal Auditor in consultation with the Section 151 Officer\(^5\) shall take such steps as he/she considers necessary by way of investigation, reporting and commencement of disciplinary procedures for all cases of fraud/irregularity.

17.6 The Section 151 Officer shall have the right to be represented and give evidence at any proceedings under the Council’s disciplinary procedures relating to any employee breaching the Council’s Financial Regulations.

17.7 At an employee’s option, the processes in paragraph 17.1 may be replaced by the provisions of the Council’s Confidential Reporting Framework or the Council’s Anti-Fraud and Bribery Framework.

\(^4\) In the absence of the S151 Officer, the Monitoring Officer or the Head of Governance will be consulted

\(^5\) As for footnote 4 above
Values Referred to within Financial Regulations

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limit on virement authority for items within the same Service, Service</td>
<td>£10,000</td>
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<tr>
<td>Division and fund.</td>
<td></td>
</tr>
<tr>
<td>Threshold above which second signature is required for cheques produced</td>
<td>£50,000</td>
</tr>
<tr>
<td>as output from the Council’s computerised financial systems</td>
<td></td>
</tr>
<tr>
<td>Threshold above which second signature is required for manually produced</td>
<td>£5,000</td>
</tr>
<tr>
<td>cheques.</td>
<td></td>
</tr>
<tr>
<td>Threshold below which sundry debtor invoices should not be raised.</td>
<td>£20</td>
</tr>
<tr>
<td>Maximum individual debt that can be written off by Section 151 Officer.</td>
<td>£2,500</td>
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</table>
The following report was approved by the Audit and Accounts Committee at its meeting on 30 July 2019.

### 1 Purpose of Report

1.1 To update members on treasury management activity and performance during the 2018/19 financial year.

### 2 Recommendation

2.1 To note the annual treasury management report for 2018/19;

2.2 To approve the actual 2018/19 prudential and treasury indicators as set out in APPENDIX 1.

### 3 Key Issues and Reasons for Recommendations

3.1 Treasury management activity and performance during the 2018/19 financial year.

### 4 Relationship to Corporate Priorities

4.1 Treasury management and investment activity link in with all of the Council’s priorities and their spending plans.
5 Report Detail

Background

5.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

5.2 During 2018/19 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year
- a mid-year (minimum) treasury update report
- an annual review following the end of the year describing the activity compared to the strategy (this report)

5.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by members.

5.4 The submission of the above reports to the Audit and Accounts Committee to give prior scrutiny before they were reported to the full Council ensures that this Council complies with the codes requirement. Training has been undertaken by members of the Audit and Accounts Committee and further training will be arranged as required.

The Council's Capital Expenditure and Financing

5.5 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

5.6 The actual capital expenditure forms one of the required prudential indicators. This is detailed in the appendix.

The Council's Overall Borrowing Need

5.7 The Council’s underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).
5.8 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only applied for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2018/19. The table in the appendix highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator.

5.9 **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table in the appendix demonstrates that during 2018/19 the Council has maintained gross borrowing within its authorised limit.

5.10 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

5.11 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

**Treasury Position as at 31 March 2018**

5.12 At the beginning and the end of 2018/19 the Council’s treasury, (excluding borrowing by PFI and finance leases), position was as follows:

<table>
<thead>
<tr>
<th>Table 1</th>
<th>31 March 2018 Principal</th>
<th>Rate/ Return</th>
<th>Average Life (yrs.)</th>
<th>31 March 2019 Principal</th>
<th>Rate/ Return</th>
<th>Average Life (yrs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt (PWLB)</td>
<td>£0m</td>
<td></td>
<td></td>
<td>£0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFR</td>
<td>£4.0m</td>
<td></td>
<td></td>
<td>£5.1m</td>
<td></td>
<td></td>
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<tr>
<td>Over / (under) borrowing</td>
<td>(£4.0m)</td>
<td></td>
<td>(£5.1m)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>£28.90m</td>
<td>0.42%</td>
<td>0.39</td>
<td>£30.0m</td>
<td>0.69%</td>
<td>0.21</td>
</tr>
<tr>
<td>Short term borrowing</td>
<td>£0.0m</td>
<td></td>
<td></td>
<td>£0.0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investments</td>
<td>£28.90m</td>
<td></td>
<td></td>
<td>£30.0m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The following table sets out the Council’s investments held at 31 March 2019:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Start Date</th>
<th>End Date</th>
<th>Value (£)</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santander UK</td>
<td>95 Day Notice</td>
<td></td>
<td>6,000,000</td>
<td>0.85</td>
</tr>
<tr>
<td>Aberdeen GBP Liquidity Fund</td>
<td>Money Market Fund</td>
<td></td>
<td>6,000,000</td>
<td>0.79</td>
</tr>
<tr>
<td>Federated Prime Fund Class 3</td>
<td>Money Market Fund</td>
<td></td>
<td>6,000,000</td>
<td>0.79</td>
</tr>
<tr>
<td>Bank of Scotland</td>
<td>15/01/2019</td>
<td>15/07/2019</td>
<td>2,000,000</td>
<td>1.00</td>
</tr>
<tr>
<td>Kingston Upon Hull City Council</td>
<td>30/11/2018</td>
<td>31/05/2019</td>
<td>2,000,000</td>
<td>0.95</td>
</tr>
<tr>
<td>Blackpool Council</td>
<td>31/10/2018</td>
<td>30/04/2019</td>
<td>3,000,000</td>
<td>0.85</td>
</tr>
<tr>
<td>Thurrock Borough Council</td>
<td>14/03/2019</td>
<td>14/06/2019</td>
<td>5,000,000</td>
<td>1.00</td>
</tr>
</tbody>
</table>

|                        |                  |                | 30,000,000  |        |

5.13 All investments in the portfolio have a maturity of less than 1 year.

**Investment strategy and control of interest rate risk**

![Graph of Bank Rate vs LIBID rates]

5.14 Investment returns remained low during 2018/19. The expectation for interest rates within the treasury management strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75% in November 2018. The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Investment interest rates after a disappointing start to the year were therefore on a gently rising trend in the first half of the year, in anticipation that the MPC would raise Bank Rate in August. During this period, investments were, therefore, kept shorter term in anticipation that rates would be higher later in the year.
5.15 It was not expected that the MPC would raise Bank Rate again during 2018-19 in view of the fact that the UK was entering into a time of major uncertainty with Brexit due in March 2019. Value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

5.16 Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.

5.17 Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

**Borrowing strategy and control of interest rate risk**

5.18 During 2018-19, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council’s reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

5.19 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. In particular the Council has avoided a “cost of carry”. This arises if any new long-term borrowing is not immediately used to finance capital expenditure, resulting in a temporary increase in cash balances with a subsequent revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

5.20 However, the policy is subject to continual review, since the council would suffer a financial detriment if new borrowing was required to finance capital expenditure and interest rates were increasing.

5.21 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Head of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), and a capital borrowing requirement had arisen, then any potential long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
• if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

5.22 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2018/19 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

<table>
<thead>
<tr>
<th>Link Asset Services Interest Rate View 12.2.18</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.05%</td>
</tr>
<tr>
<td>5yr PWLB Rate</td>
</tr>
<tr>
<td>10yr PWLB Rate</td>
</tr>
<tr>
<td>25yr PWLB Rate</td>
</tr>
<tr>
<td>50yr PWLB Rate</td>
</tr>
</tbody>
</table>

5.23 Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields - which
determine PWLB rates. The Fed in America increased the Fed Rate four times in 2018, making nine increases in all in this cycle, to reach 2.25% - 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rate increases and guidance caused Treasury yields to also move up. However financial markets considered by December 2018, that the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed has also come round to the view that there are probably going to be no more increases in this cycle. The issue now is how many cuts in the Fed Rate there will be and how soon, in order to support economic growth in the US. But weak growth now also looks to be the outlook for China and the EU so this will mean that world growth as a whole will be weak. Treasury yields have therefore fallen sharply during 2019 and gilt yields / PWLB rates have also fallen.

Borrowing Outturn

5.24 **Borrowing** - Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

Investment Outturn

5.25 **Investment Policy** - the Council’s investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 30/01/2018. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

5.26 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

5.27 **Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

<table>
<thead>
<tr>
<th>Balance Sheet Resources (£m)</th>
<th>31 March 2018</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Earmarked Fund balances / reserves</td>
<td>14,588</td>
<td>11,556</td>
</tr>
<tr>
<td>Unallocated Reserves</td>
<td>312</td>
<td>312</td>
</tr>
<tr>
<td>Capital receipts</td>
<td>3,883</td>
<td>2,696</td>
</tr>
<tr>
<td>Provisions</td>
<td>2,647</td>
<td>2,647</td>
</tr>
<tr>
<td>Other</td>
<td>3,073</td>
<td>2,945</td>
</tr>
<tr>
<td>Total</td>
<td><strong>24,503</strong></td>
<td><strong>20,156</strong></td>
</tr>
</tbody>
</table>
5.28 Investments held by the Council

- The Council maintained an average balance of £42.0m of internally managed funds.
- The internally managed funds earned an average rate of return of 0.69%.
- The comparable performance indicator is the average 7-day LIBID rate, which was 0.51%.
- Total investment income was £0.290m compared to a budget of £0.275m.

Please refer to APPENDIX 2.

6 Implications

<table>
<thead>
<tr>
<th>6.1 Financial</th>
<th>Included in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Rights Act</td>
<td>Nil</td>
</tr>
<tr>
<td>Data Protection</td>
<td>Nil</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Included in the report</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6.2 Community Impact Assessment Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</td>
</tr>
</tbody>
</table>

Previous Consideration - Nil

Background Papers - Available in Financial Services
# COUNCIL
## 16 SEPTEMBER 2019
### Annual Treasury Management Report 2018/19

## 1. PRUDENTIAL INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Estimate</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>2,660</td>
<td>10,245</td>
<td>9,633</td>
</tr>
<tr>
<td>Ratio of financing costs to net revenue stream</td>
<td>-0.9%</td>
<td>-1.3%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Gross borrowing requirement</td>
<td>1,285</td>
<td>2,784</td>
<td>2,553</td>
</tr>
<tr>
<td>Gross debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital Financing Requirement as at 31 March</td>
<td>3,982</td>
<td>3,869</td>
<td>5,142</td>
</tr>
<tr>
<td>Annual change in Cap. Financing Requirement</td>
<td>-113</td>
<td>-113</td>
<td>1,160</td>
</tr>
</tbody>
</table>

## 2. TREASURY MANAGEMENT INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised Limit for external debt -</td>
<td>7,285</td>
<td>7,284</td>
<td>7,284</td>
</tr>
<tr>
<td>Operational Boundary for external debt</td>
<td>7,285</td>
<td>4,284</td>
<td>4,284</td>
</tr>
<tr>
<td>Actual external debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Maturity structure of fixed rate borrowing during 2018/19

<table>
<thead>
<tr>
<th></th>
<th>upper limit</th>
<th>lower limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 12 months</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>12 months and within 24 months</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>24 months and within 5 years</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>5 years and within 10 years</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>10 years and above</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
The following table sets out an analysis of investments held at 31 March 2019 (together with a comparator at 31 March 2018).

<table>
<thead>
<tr>
<th>INVESTMENT PORTFOLIO</th>
<th>Actual 31.3.18</th>
<th>Actual 31.3.18 %</th>
<th>Actual 31.3.19</th>
<th>Actual 31.3.19 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>£8.4m</td>
<td>29%</td>
<td>£12.0m</td>
<td>40%</td>
</tr>
<tr>
<td>Banks</td>
<td>£16.0m</td>
<td>55%</td>
<td>£8.0m</td>
<td>27%</td>
</tr>
<tr>
<td>Building Societies</td>
<td>£2.0m</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CD’s</td>
<td>£2.5m</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authorities</td>
<td></td>
<td></td>
<td>£10.0m</td>
<td>33%</td>
</tr>
<tr>
<td>TOTAL TREASURY INVESTMENTS</td>
<td>£28.9m</td>
<td>100%</td>
<td>£30.0m</td>
<td>100%</td>
</tr>
</tbody>
</table>
COUNCIL  
16 SEPTEMBER 2019  
Committee Business Planning Reports  

1 Purpose of Report  
1.1 The purpose of this report is to allow the Council to consider the annual reports from the Scrutiny Committees in accordance with Article 6, paragraph 6.3 of the Council’s Constitution, along with the annual report of the Audit and Accounts Committee.

2 Recommendation  
2.1 That the annual reports from the various Committees be received.

3 Key Issues and Reasons for Recommendation  
3.1 The annual reports from the Scrutiny Committees on their past workings and future work programme are submitted for consideration in accordance with Article 6, paragraph 6.3 of the Council’s Constitution, together with the annual report of the Audit and Accounts Committee.

4 Relationship to Corporate Priorities  
4.1 The Committee process supports all of the Council’s Corporate Priorities.

5 Report Detail  
5.1 The following annual reports from the following Committees on their past workings and future work programme are submitted for consideration:-
6 Implications

6.1 Financial | Nil
Legal | Nil
Human Resources | Nil
Human Rights Act | Nil
Data Protection | Nil
Risk Management | Nil

6.2 Community Impact Assessment Recommendations
The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - File available in Law and Administration
The following report was approved by the Audit and Accounts Committee at its meeting held on 11 June 2019 (Minute No AAC8/19).

1 Purpose of Report

1.1 To review the programme of business considered by the Audit and Accounts Committee in 2018/19 with a view to the report being submitted to the Council.

2 Recommendation

2.1 The Committee is recommended to approve this report as its Annual Report to the Council.

3 Key Issues and Reasons for Recommendation

3.1 During the past municipal year the Audit and Accounts Committee have considered a number of issues under its remit, as set out in the Council’s Constitution.

3.2 Representatives of the External Auditor continue to attend each meeting of the Committee, and provide Members with a confidential briefing session prior to each meeting.

3.3 The Committee continues to control its own work programme, which is populated with a range of issues for the forthcoming Municipal Year, along with the statutory functions of the Committee.

4 Relationship to Corporate Priorities

4.1 This report is most closely associated with the Priority Area “Leading and Delivering for our Communities”.

5 Report Detail

5.1 Under its Terms of Reference the Audit and Accounts Committee have exercised its delegated powers as set out in Article 8.5 of the Council’s Constitution.

5.2 The Committee has convened on 4 occasions in accordance with the Council’s Calendar of Meetings for 2018/19.
5.3 The Committee controls its own work programme and makes appropriate adjustments, taking into account its statutory functions. The work programme has focussed on 4 key areas:-

(i) Financial matters;
(ii) Internal Audit;
(iii) Risk Management; and
(iv) Governance.

Each of these areas is covered in more detail in the points that follow.

5.4 **Financial Matters**

5.4.1 The Committee has received the following reports from the Head of Finance:-

- Annual Treasury Management Report 2018/19
- Financial Statements Audit 2017/18 - Management Representation Letter

5.5 **Internal Audit**

5.5.1 The Committee received the following reports from the Chief Internal Auditor and the Head of Governance:-

- Internal Audit Annual Report
- Internal Audit Progress Reports
- Internal Audit Plan 2019-20
- Review of the Effectiveness of Internal Audit

5.6 **Risk Management**

5.6.1 The Committee has received the following reports from the Head of Governance:-

- Risk Management Reports

5.7 **Governance**

5.7.1 The Head of Governance submitted the following reports:-

- Annual Governance Statement and Progress Report

5.7.2 The Head of Law and Administration supplied the following reports:-

- Work Programme
- Business Planning Report
External Audit

5.8 Members have also considered the following reports as submitted by the External Auditor:-

- Planned Audit Fee for 2018/19
- Audit Plan for Stafford Borough Council
- Audit Findings - Year Ending 31 March 2018
- External Audit Plan - Year Ended 31 March 2018
- Progress and Update Report for Stafford Borough Council
- Annual Audit Letter
- Certification Work for Stafford Borough Council for Year ended 31 March 2018

5.9 It is intended that this report, with the addition of any appropriate information concerning the current meeting, be taken to the most appropriate meeting of the Council as the report back from this Committee.

6 Implications

<table>
<thead>
<tr>
<th>6.1 Financial</th>
<th>As set out in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Rights Act</td>
<td>Nil</td>
</tr>
<tr>
<td>Data Protection</td>
<td>Nil</td>
</tr>
<tr>
<td>Risk Management</td>
<td>As set out in the report</td>
</tr>
</tbody>
</table>

6.2 Community Impact Assessment Recommendations

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - File available in Law and Administration
COUNCIL
16 SEPTEMBER 2019
Committee Business Planning Reports

The following report was approved by the Resources Scrutiny Committee at its meeting held on 25 July 2019 (Minute No RSC7/19).

1 Purpose of Report

1.1 To review the programme of business considered by the Resources Scrutiny Committee in 2018/19 with a view to the report being submitted to the Council.

2 Recommendation

2.1 The Committee is recommended to approve this report as the Annual Report to the Council.

3 Key Issues and Reasons for Recommendation

3.1 During the past year, the Resources Scrutiny Committee considered a wide variety of issues in support of the Corporate Business Objective to be a well-run, financially sustainable and ambitious organisation responsive to the needs of our customers and communities and focussed on delivering our objectives.

3.2 The Committee have completed an Annual Review of the Constitution.

3.3 The Committee will continue to control its own Work Programme, which is already populated with a range of issues for the forthcoming Municipal Year.

4 Relationship to Corporate Priorities

4.1 The work of the Resources Scrutiny Committee is most closely associated with the following Corporate Business Objective 3:-

To be a well-run, financially sustainable and ambitious organisation responsive to the needs of our customers and communities and focussed on delivering our objectives.
5.1 During the 2018/19 Municipal Year, the Resources Scrutiny Committee considered a wide variety of issues, including Complaints Monitoring and Final Accounts, that supported the Corporate Business Objective to be a well-run, financially sustainable and ambitious organisation responsive to the needs of our customers and communities and focussed on delivering our objectives.

5.2 The Committee have undertaken a Community Governance Review for the Parish of Swynnerton, which has led to the creation of a new Yarnfield and Cold Meece Parish Council.

5.3 The Committee has undertaken a Task and Finish Review relating to the Annual Review of the Constitution, which has led to a number of recommendations being endorsed by Council, particularly concerning the Planning Committee.

5.4 The Committee considered the following items that were called-in for further scrutiny:-

- Data Protection Policy
- Council Tax and Business Rates Arrears Submitted for Approval to Write Off

5.5 The Committee considered two Members Items related to services provided by Freedom Leisure, particularly Stafford and Stone Swimming Club and Staffing at Stafford Leisure Centre.

5.6 The Committee held a special meeting in order for Freedom Leisure to update Members on the not for profit trust and its work in the delivery of Stafford Borough Council’s Leisure and Cultural Services.

5.7 The Committee considered the following items that were referred to it directly from the Cabinet:-

- Financial Plan 2018-19 - 2021-22
- Fees and Charges Review 2019
- General Fund Revenue Budget 2018-19 to 2021-22 and Capital Programme 2018-19 to 2021-22

5.8 The Committee considered the Gender Pay Gap for the Council, which indicated a positive trend from that of the previous year.
5.9 The Committee continues to control its own Work Programme and makes adjustments as appropriate.

5.10 Under its Terms of Reference, the Committee received details of the General Fund Budget and Capital Programme for the whole Council and the Resources Portfolio as well as receiving regular reports that monitored both operational and financial performance.

5.11 The Resources Scrutiny Committee’s Work Programme is already populated for the forthcoming Municipal Year with various items and will again undertake the annual Review of the Constitution early in the New Year.

5.12 It is intended that this report, with the addition of any appropriate information concerning the current meeting, be taken to the next available meeting of the Council as the report back from this Scrutiny Committee in accordance with Article 6, Paragraph 6.3 of the Constitution whereby the Committee is required to report annually to the Council on its workings and future Work Programme.

6 Implications

<table>
<thead>
<tr>
<th>6.1 Financial</th>
<th>Nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Rights Act</td>
<td>Nil</td>
</tr>
<tr>
<td>Data Protection</td>
<td>Nil</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Nil</td>
</tr>
</tbody>
</table>

6.2 Community Impact Assessment Recommendations

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:

- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - File available in Law and Administration
The following report was approved by the Economic Development and Planning Scrutiny Committee at its meeting held on 27 June 2019 (Minute No EDP7/19).

1 Purpose of Report

1.1 To review the programme of business considered by the Economic Development and Planning Scrutiny Committee in 2018/19 with a view to the report being submitted to the Council.

2 Recommendation

2.1 The Committee is recommended to approve this report as the Annual Report to the Council.

3 Key Issues and Reasons for Recommendation

3.1 During the past year, the Economic Development and Planning Scrutiny Committee considered a wide variety of issues that has helped to embrace its continuing role to ensure that the Council delivers sustainable economic and housing growth to provide income and jobs.

3.2 The Committee controls its own Work Programme which is already populated with a range of issues for the forthcoming Municipal Year.

4 Relationship to Corporate Priorities

4.1 This report is most closely associated with the following Corporate Business Objective 1:-

To deliver sustainable economic and housing growth to provide income and jobs.

5 Report Detail

5.1 During the past year, the Economic Development and Planning Scrutiny Committee has considered a wide variety of issues that supported the Council’s Business Objective of delivering sustainable economic and housing growth to provide income and jobs.
5.2 In order to achieve this, the Committee have received regular updates concerning the economic issues surrounding Stafford Town Centre and have closely monitored Borough-wide planned events, including the following:-

- Stafford Town Centre Events
- Economic Growth Strategy and the Visitor Economy
- Stafford Town Centre
- Inward Investment and Business Support
- Strategic Infrastructure and Growth

5.3 The Committee have considered a Called-in item at a special meeting relating to land at Tilling Drive, Stone.

5.4 The Committee have considered the following items that were referred to it directly from the Cabinet:-

- Fees and Charges Review 2019

5.5 The Committee continues to control its own Work Programme and regularly makes appropriate adjustments.

5.6 Under its Terms of Reference, the Committee has received details of the General Fund Revenue Budget and Capital Programme for the Economic Development and Planning Portfolio as well as receiving regular reports that monitored both operational and financial performance.

5.7 The Committee received details of the Economic Development and Planning Portfolio Final Accounts for 2017/18.

5.8 The Work Programme is populated with a variety of issues for the forthcoming Municipal Year.

5.9 It is intended that this report, with the addition of any appropriate information concerning the current meeting, be taken to the next available meeting of the Council as the report back from this Scrutiny Committee in accordance with Article 6, Paragraph 6.3 of the Constitution whereby the Committee is required to report annually to the Council on its workings and future Work Programme.

### 6 Implications

<table>
<thead>
<tr>
<th>6.1 Financial</th>
<th>Nil</th>
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<tr>
<td>Legal</td>
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<tr>
<td>Human Resources</td>
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<tr>
<td>Data Protection</td>
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<td>Risk Management</td>
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</table>
| 6.2 Community Impact Assessment Recommendations | The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-
| Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. |

| Previous Consideration | Nil |

| Background Papers | File available in Law and Administration |
The following report was approved by the Community Wellbeing Scrutiny Committee at its meeting held on 31 July 2019 (Minute No CWB11/19).

1 Purpose of Report

1.1 To review the programme of business considered by the Community Wellbeing Scrutiny Committee in 2018/19 with a view to the report being submitted to the Council.

2 Recommendation

2.1 The Committee is recommended to approve this report as the Annual Report to the Council.

3 Key Issues and Reasons for Recommendation

3.1 During the past year, the Community Wellbeing Scrutiny Committee has considered a wide variety of issues supporting the Council’s Corporate Business Objective to improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing strong communities and promote health and wellbeing.

3.2 The Committee has maintained its close links with the Healthy Staffordshire Select Committee and continue to participate in Joint Accountability Sessions that hold NHS Hospital Trusts accountable to elected representatives across Staffordshire.

3.3 The Committee continues to control its own Work Programme which is populated with a range of issues for the forthcoming Municipal Year.

4 Relationship to Corporate Priorities

4.1 This report is most closely associated with the following Corporate Business Objective 2:-

To improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing strong communities and promote health and wellbeing.
5.1 During the past year, the Community Wellbeing Scrutiny Committee considered a wide variety of issues supporting the Council’s Corporate Business Objective to improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing strong communities and promote health and wellbeing.

5.2 In order to achieve this, the Committee have considered a number of issues ranging from Air Quality, Community Wellbeing Partnerships and Health in All Policies. In particular, the Committee have been eager to ensure that Health became embedded within all of the Council’s policies and have received a number of updates on the progress made.

5.3 The Committee considered a Members Item related to the House of Bread and Food poverty and a Councillor Session Item relating to a Dementia Friendly Council.

5.4 The Committee sustained its close links with the Healthy Staffordshire Select Committee by receiving regular reports on the work of the Committee, which was accordingly reciprocated. In addition, the Committee will continue to participate in Joint Accountability Sessions that hold NHS Hospital Trusts accountable to elected representatives across Staffordshire.

5.5 The Committee have considered the following items that were referred to it directly from the Cabinet:

- Fees and Charges Review 2019

5.6 Under its Terms of Reference, the Committee has received details of the General Fund Revenue Budget and Capital Programme for the Community, Environment and Leisure Portfolios as well as receiving regular reports that monitored both operational and financial performance.

5.7 Other issues considered by the Committee included:

- Food Safety Service Plan 2018-2021 and Food Safety Annual Report 2017-18
- Final Accounts 2018/19
5.8 The Committee continues to control its own Work Programme, regularly making appropriate adjustments and is already populated for the forthcoming Municipal Year with a variety of issues.

5.9 It is intended that this report, with the addition of any appropriate information concerning the current meeting, be taken to the next available meeting of the Council as the report back from this Scrutiny Committee in accordance with Article 6, Paragraph 6.3 of the Constitution whereby the Committee is required to report annually to the Council on its workings and future Work Programme.

6 Implications

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6.2 Community Impact Assessment Recommendations

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:

- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - File available in Law and Administration