

Part 4

Rules of Procedure

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Part 4 – Rules of Procedure

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1. ANNUAL MEETING OF THE COUNCIL

Timing and business

- 1.1 In a year when there is an ordinary election of Councillors, the annual meeting will take place within 21 days of the retirement of the outgoing Councillors. In any other year, the annual meeting will take place in March, April or May.

The annual meeting will:

- (a) elect a person to preside if the Mayor is not present;
- (b) elect the Mayor;
- (c) elect the Deputy Mayor;
- (d) approve the minutes of the last meeting;
- (e) receive any announcements from the Mayor and/or Head of the Paid Service;
- (f) receive a report from the outgoing Leader on the work of the Council during the last year;
- (g) elect the Leader;
- (h) receive an outline of the policies of the Council for the forthcoming year from the Leader;
- (i) elect the Deputy Leader;
- (j) appoint at least one Overview, Scrutiny and Audit Committee, a Standards Committee and such other committees as the Council considers appropriate;
- (k) elect the Chairmen and Vice-Chairmen of committees, with the exception of Standards Committee [the Chairman of Standards Committee shall be appointed by that committee at its first meeting following the Annual Meeting of the Council];
- (l) agree the scheme of delegation (as set out in Part 3 of this Constitution);
- (m) approve a programme of ordinary meetings of the Council for the year; and
- (n) consider any business set out in the notice convening the meeting.

Selection of Councillors on Committees and Outside bodies

- 1.2 At the annual meeting, the Council meeting will:

- (a) decide which committees to establish for the municipal year;
- (b) decide the allocation of seats [and substitutes] to political groups in accordance with the political balance rules;
- (c) receive nominations of Councillors to serve on each committee and outside body; and
- (d) appoint to those committees and outside bodies except where appointment to those bodies has been delegated by the Council.

2. ORDINARY MEETINGS

- 2.1 Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's annual meeting. Ordinary meetings will:
- (a) elect a person to preside if the Mayor and Deputy Mayor are not present;
 - (b) approve the minutes of the last meeting;
 - (c) receive any declarations of interest from Members;
 - (d) receive any announcements from the Mayor, Leader or Head of Paid Service.
 - (e) receive questions from, and provide answers to, the public in relation to matters which in the opinion of the person presiding at the meeting are relevant to the business of the meeting;
 - (f) deal with any business from the last Council meeting;
 - (g) receive reports from the Council's committees and receive questions and answers on any of those reports;
 - (h) receive reports about and receive questions and answers on the business of joint arrangements and external organisations;
 - (i) consider motions;
 - (j) to consider any other items that the Chairman decides are urgent, and
 - (k) consider any other business specified in the summons to the meeting and reports of the Overview, Scrutiny and Audit Committee for debate.

3. EXTRAORDINARY MEETINGS

Calling Extraordinary Meetings

- 3.1 Those listed below may request the Proper Officer to call Council meetings in addition to ordinary meetings:
- (a) the Council by resolution;
 - (b) the Mayor;
 - (c) the Monitoring Officer; and
 - (d) any five members of the Council if they have signed a requisition presented to the Mayor and he/she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

Business

- 3.2 The business to be considered at an extraordinary meeting shall be restricted to a single item with no consideration of reports from committees or minutes.

4. TIME AND PLACE OF MEETING

- 4.1 *The time and place of meetings will be determined by the Proper Officer and notified in the summons.*

5. NOTICE OF AND SUMMONS TO MEETINGS

- 5.1 *The Proper Officer will give notice to the public of the time and place of any meeting in accordance with the Access to Information Rules. At least five clear days before a meeting, the Proper Officer will send a summons signed by him or her by post to every member of the Council or leave it at their usual place of residence. The summons will give the date, time and place of each meeting and*

specify the business to be transacted, and will be accompanied by such reports as are available.

6. CHAIR OF MEETING

- 6.1 *The person presiding at the meeting may exercise any power or duty of the Mayor. Where these rules apply to committee and sub-committee meetings, references to the Mayor also include the Chairman of committees and sub-committees.*

7. QUORUM

- 7.1 *The quorum of a meeting will be at least one quarter of the whole number of members. During any meeting if the Mayor counts the number of members present and declares there is not a quorum present, then the meeting will adjourn immediately. Remaining business will be considered at a time and date fixed by the Mayor. If he/she does not fix a date, the remaining business will be considered at the next ordinary meeting.*

8. DURATION OF MEETING

- 8.1 *Unless the majority of Members present vote for the meeting to continue, any meeting that has lasted for four hours will adjourn immediately. Remaining business will be considered at a time and date fixed by the Chairman. If he/she does not fix a date, the remaining business will be considered at the next ordinary meeting.*

9. QUESTIONS BY THE PUBLIC

General

- 9.1 Members of the public may ask questions of the Leader of the Council and any Chairman of a policy committee (Vice Chair or other nominated substitute may respond in their place) at ordinary meetings of the Council. This period will be known as “public question time”, will be no longer than 30 minutes in length and will take place strictly in accordance with rule (2) and rules 9.2 and 9.10 below. [No question may exceed two minutes in length (or one minute for a supplemental question) and no reply may exceed five minutes in length (or two minutes for a supplementary response).]

Order of questions

- 9.2 Questions will be asked in the order notice of them was received, except that the Chairman may group together similar questions.

Notice of questions

- 9.3 A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the Proper Officer no later than midday six working days before the day of the meeting. Each question must give the name and address of the questioner and must name the Member of the Council to whom it is to be put.

Number of questions

- 9.4 At any one meeting no person may submit more than one question.

Scope of questions

9.5 The Proper Officer may reject a question if it:

- Is not about a matter for which the local authority has a responsibility or which affects the Borough;
- Is defamatory, frivolous or offensive;
- Is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- Requires the disclosure of confidential or exempt information.

Record of questions

9.6 The Proper Officer will enter each question in a book open to public inspection and will immediately send a copy of the question to the Member to whom it is to be put. Rejected questions will include reasons for rejection.

Asking the question at the meeting

9.7 The Mayor will invite the questioner to put the question to the Member named in the notice. If a questioner who has submitted a written question is unable to be present, they may ask the Mayor to put the question on their behalf. The Mayor may ask the question on the questioner's behalf or indicate that a written reply will be given.

Supplemental question

9.8 A questioner who has put a question in person may also put one supplementary question without notice to the member who has replied to his or her original question.
A supplementary question must arise directly out of the original question or the reply. The Mayor may reject a supplementary question on any of the grounds in Rule 9.5 above.

Written answers

9.9 Any question which cannot be dealt with during public question time, either because of lack of time or because of the non-attendance of the Member to whom it was to be put, will be dealt with by a written answer.

Reference of question to a committee

9.10 Unless the Mayor decides otherwise, no discussion will take place on any question, but any Member may move that a matter raised by a question be referred to the appropriate committee or sub-committee. Once seconded, such a motion will be voted on without discussion.

10. QUESTIONS BY MEMBERS

On reports of Committees

10.1 *A Member of the Council may ask the chairman of a committee any question without notice upon an item of the report of a committee when that item is being received or under consideration by the Council.*

On the Leader's Report

10.2 *A Member of the Council may ask the Leader any question on his/her report when such a report is being received or under consideration by the Council.*

Questions on notice at Full Council

10.3 *Subject to Rule 10.5, a Member of the Council may ask:*

- *The Mayor*
- *The Leader; or*
- *The Chairman of any committee or sub-committee*

A question on any matter in relation to which the Council has powers or duties or which affects the Melton Borough.

Questions on notice at committees and sub-committees

10.4 *Subject to Rule 10.5, a Member of a committee or sub-committee may ask the chairman of it a question on any matter in relation to which the Council has powers or duties or which affect Melton Borough and which falls within the terms of reference of that committee or sub-committee.*

Notice of questions

10.5 *A Member may only ask a question under Rule 10.3 or 10.4 if either:*

- (a) they have given at least six working days notice in writing of the question to the Proper Officer; or*
- (b) the question relates to urgent matters, they have the consent of the chairman to whom the question is to be put and the content of the question is given to the Proper Officer by 10.00 a.m. on the day of the meeting; and, in either case*
- (c) the Proper Officer or Chief Executive may amend a question of which written notice is given under this Procedure Rule to exclude any inappropriate language.*

Response

10.6 *An answer may take the form of:*

- (a) a direct oral answer;*
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or*
- (d) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner.*

Supplementary question

10.7 *A Member asking a question under Rule 10.3 or 10.4 may ask one supplementary question without notice of the Member to whom the first question was asked. The supplemental question must arise directly out of the original question or the reply.*

11. MOTIONS ON NOTICE

Notice

11.1 *Except for motions which can be moved without notice under Rule 12, written notice of every motion, signed by at least two members, must be delivered to the Proper Officer not later than six working days before the date of the meeting. These will be entered in a book open to public inspection.*

Motion set out in agenda

11.2 *Motions for which notice has been given will be listed on the agenda in the order in which notice was received, unless the Member giving notice states, in writing, that they propose to move it to a later meeting or withdraw it.*

Scope

11.3 *Motions must be about matters for which the Council has a responsibility or which affect the Melton Borough.*

Removal of Council Leader

11.4 (a) *For the avoidance of doubt, any Notice of Motion which would have the effect of removing the Leader shall be permitted under this rule (11).*

11.5 (b) *The next item of business following the removal of the Council Leader will be the election of a new Council Leader.*

12. MOTIONS WITHOUT NOTICE

12.1 *The following motions may be moved without notice:*

- (a) to appoint a chairman of the meeting at which the motion is moved;*
- (b) in relation to the accuracy of the minutes;*
- (c) to change the order of business in the agenda;*
- (d) to refer something to an appropriate body or individual;*
- (e) to appoint a committee or member arising from an item on the summons for the meeting;*
- (f) to receive reports or adoption of recommendations of committees or officers and any resolutions following from them;*
- (g) to withdraw a motion;*
- (h) to amend a motion;*
- (i) to proceed to the next business;*
- (j) that the question be now put;*
- (k) to adjourn a debate;*
- (l) to adjourn a meeting;*
- (m) that the meeting continue beyond three hours in duration;*
- (n) to suspend a particular Council procedure rule;*
- (o) to exclude the public and press in accordance with the Access to Information*

Rules;

- (p) to not hear further a Member named under Rule 20.3 or to exclude them from the meeting under Rule 20.4; and*
- (q) to give the consent of the Council where its consent is required by this Constitution.*

13. RULES OF DEBATE

No speeches until motion seconded

- 13.1 *No speeches may be made after the mover has moved a proposal and explained the purpose of it until the motion has been seconded.*

Right to require motion in writing

- 13.2 *Unless notice of the motion has already been given, the Mayor may require it to be written down and handed to him/her before it is discussed.*

Secunder's speech

- 13.3 *When seconding a motion or amendment, a member may reserve their speech until later in the debate.*

Content and length of speech

- 13.4 *Speeches must be directed to the question under discussion or to a personal explanation or point of order. No speech may exceed five minutes without the consent of the Mayor.*

When a Member may speak again

- 13.5 *A Member who has spoken on a motion may not speak again whilst it is the subject of debate, except:*
- (a) to speak once on an amendment moved by another member;*
 - (b) to move a further amendment if the motion has been amended since he/she last spoke;*
 - (c) if his/her first speech was on an amendment moved by another Member, to speak on the main issue (whether or not the amendment on which he/she spoke was carried);*
 - (d) in exercise of a right of reply;*
 - (e) on a point or order; and*
 - (f) by way of personal explanation.*

Amendments to motions

- 13.6 (a) *An amendment to a motion must be relevant to the motion and will either be:*
- (i) to refer the matter to an appropriate body or individual for consideration or reconsideration;*
 - (ii) to leave out words;*
 - (iii) to leave out words and insert or add others; or*
 - (iv) to insert or add words.*

As long as the effect of (ii), (iii), (iv) is not to negate the motion.

- (b) *Only one amendment may be moved and discussed at any one time. No further amendment may be moved until the amendment under discussion has been disposed of.*
- (c) *If an amendment is not carried, other amendments to the original motion may be moved.*
- (d) *If an amendment is carried, the motion as amended takes the place of the original motion. This becomes the substantive motion to which any further amendments are moved.*
- (e) *After an amendment has been carried, the Chairman will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.*

Alteration of motion

- 13.7 (a) *A Member may alter a motion of which he/she has given notice with the consent of the meeting. The meeting's consent will be signified without discussion.*
- (b) *A Member may alter a motion which he/she has moved without notice with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion.*
- (c) *Only alterations which could be made as an amendment may be made.*

Withdrawal of motion

- 13.8 *A Member may withdraw a motion which he/she has moved with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion. No Member may speak on the motion after the mover has asked permission to withdraw it unless permission is refused.*

Right of reply

- 13.9 (a) *The mover of a motion has a right to reply at the end of the debate on the motion, immediately before it is put to the vote.*
- (b) *If an amendment is moved, the mover of the original motion has the right of reply at the close of the debate on the amendment, but may not otherwise speak on it.*

Motions which may be moved during debate

- 13.10 *When a motion is under debate, no other motion may be moved except the following procedural motions:*

- (a) *to withdraw a motion;*
- (b) *to amend a motion;*
- (c) *to proceed to the next business;*
- (d) *that the question be now put;*
- (e) *to adjourn a debate;*
- (f) *to adjourn a meeting;*

- (g) that the meeting continue beyond four hours in duration;*
- (h) to exclude the public and press in accordance with the Access to Information Rules; and*
- (i) to not hear further a Member named under Rule 20.3 or to exclude them from the meeting under Rule 20.4.*

Closure motions

- 13.11 (a) *A Member may move, without comment, the following motions at the end of a speech of another member:*
- (i) to proceed to the next business;*
 - (ii) that the question be now put;*
 - (iii) to adjourn a debate; or*
 - (iv) to adjourn a meeting.*
- (b) *If a motion to proceed to next business is seconded and the Mayor thinks the item has been sufficiently discussed, he or she will give the mover of the original motion a right of reply and then put the procedural motion to the vote.*
- (c) *If a motion that the question be now put is seconded and the Mayor thinks the item has been sufficiently discussed, he/she will put the procedural motion to the vote. If it is passed he/she will give the mover of the original motion a right of reply before putting his/her motion to the vote.*
- (d) *If a motion to adjourn the debate or to adjourn the meeting is seconded and the Mayor thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, he/she will put the procedural motion to the vote without giving the mover of the original motion the right of reply.*

Point of order

- 13.12 *A Member may raise a point of order at any time. The Mayor will hear them immediately. A point of order may only relate to an alleged breach of these Council Rules of Procedure or the law. The Member must indicate the rule or law and the way in which he/she considers it has been broken. The ruling of the Chairman on the matter will be final.*

Personal explanation

- 13.13 *A Member may make a personal explanation at any time. A personal explanation may only relate to some material part of an earlier speech by the Member which may appear to have been misunderstood in the present debate. The ruling of the Mayor on the admissibility of a personal explanation will be final.*

Urgent Business

- 13.14 *There are occasions when an urgent decision is needed or a matter cannot wait for the next ordinary meeting of a committee having delegated powers. When an urgent item has arisen after the despatch of an appropriate agenda, the following procedure applies:*

The Chairman of the Council or a Committee has the authority to agree to take urgent items, not on the agenda, at meetings of the relevant Council or

Committee. The general authority referred to is qualified in that the items of business should not be raised at meetings without prior notice being given on the appropriate agenda unless:

(a) the item has arisen between the compilation of the agenda and the date of the meeting, and

(b) the item requires an urgent decision in the public interest which cannot be dealt with by other means

In all cases the reason for the urgency should be clearly stated and recorded.

In addition to the above, all agendas should have an item as follows:

Urgent Business – *To consider any other items that the Chairman decides are urgent.*

14. PREVIOUS DECISIONS AND MOTIONS

Motion to rescind a previous decision

14.1 *A motion or amendment to rescind a decision made at a meeting of Council within the past six months cannot be moved unless the notice of motion is signed by at least six Members.*

Motion similar to one previously rejected

14.2 *A motion or amendment in similar terms to one that has been rejected at a meeting of Council in the past six months cannot be moved unless the notice of motion or amendment is signed by at least six members. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for six months.*

15. VOTING

Majority

- 15.1 *Unless the Constitution provides otherwise, any matter will be decided by a simple majority of those Members voting and present in the room at the time the question was put.*

Mayor's casting vote

- 15.2 *If there are equal numbers of votes for and against, the Mayor will have a second or casting vote. There will be no restriction on how the Mayor chooses to exercise a casting vote.*

Show of hands

- 15.3 *Unless a ballot or recorded vote is demanded under Rules 16.4 and 16.5, the Mayor will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting.*

Ballots

- 15.4 *The vote will take place by ballot if three Members present at the meeting demand it. The Mayor will announce the numerical result of the ballot immediately the result is known.*

Recorded vote

- 15.5 *If three Members present at the meeting demand it, the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes. A demand for a recorded vote will override a demand for a ballot.*

Right to require individual vote to be recorded

- 15.6 *Where any Member requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.*

Voting on appointments

- 15.7 *If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.*

16. MINUTES

Signing the minutes

- 16.1 *The Mayor will sign the minutes of the proceedings at the next suitable meeting. The Chairman will move that the minutes of the previous meeting be signed as a*

correct record. The only part of the minutes that can be discussed is their accuracy.

No requirement to sign minutes of previous meeting at extraordinary meeting.

- 16.2 *Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of Schedule 12 of the Local Government Act 1972*

(an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of Schedule 12 relating to signing of minutes.

Form of minutes

- 16.3 *Minutes will contain all motions and amendments in the exact form and order the Mayor put them.*

17. RECORD OF ATTENDANCE

- 17.1 All Members present during the whole or part of a meeting must sign their names on the attendance sheets before the conclusion of every meeting to assist with the record of attendance.

18. EXCLUSION OF PUBLIC

- 18.1 *Members of the public and press may only be excluded either in accordance with the Access to Information Rules in Part 4 of this Constitution or Rule 21 (Disturbance by Public).*

19. MEMBERS' CONDUCT

Standing to speak

- 19.1 When a Member speaks at Full Council he/she must stand and address the meeting through the Mayor. Other members must remain seated whilst a member is speaking unless they wish to make a point of order or a point of personal explanation.

Mayor standing

- 19.2 *When the Mayor stands during a debate, any Member speaking at the time must stop and sit down. The meeting must be silent.*

Member not to be heard further

- 19.3 *If a Member persistently disregards the ruling of the Mayor by behaving improperly or offensively or deliberately obstructs business, the Mayor may move that the Member be not heard further. If seconded, the motion will be voted on without discussion.*

Member to leave the meeting

- 19.4 *If a Member continues to behave improperly after such motion is carried, or if a Member has spoken or acted in an inappropriate manner the Mayor may move that either the Member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, the motion will be voted on without discussion.*

General disturbance

- 19.5 *If there is a general disturbance making orderly business impossible, the Mayor may adjourn the meeting for as long as he/she thinks necessary.*

20. DISTURBANCE BY PUBLIC

Removal of member of the public

- 20.1 *If a member of the public interrupts proceedings, the Mayor will warn the person concerned. If they continue to interrupt, the Mayor will order their removal from the meeting room.*

Clearance of part of meeting room

- 20.2 *If there is a general disturbance in any part of the meeting room open to the public, the Mayor may call for that part to be cleared.*

21. SUSPENSION AND AMENDMENT OF COUNCIL PROCEDURE RULES

Suspension

- 21.1 *All of these Council Rules of Procedure except Rules 16.6 and 17.2 may be suspended by motion on notice or without notice if at least one half of the whole number of members of the Council are present. Suspension can only be for the duration of the meeting.*

Amendment

- 21.2 *Any motion to add to, vary or revoke these Council Rules of Procedure will, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting.*

22. APPLICATION TO COMMITTEES AND SUB-COMMITTEES

- 22.1 *All of the Council Rules of Procedure apply to meetings of Full Council. Only Rules 4 – 8, 10 – 13, 15 – 17, 19 – 24 (but not Rule 20.1) apply to meetings of committees and sub-committees. [Rules applying to committees and sub-committees are marked in italics for ease of reference.]*

- 22.2 *The following Public Speaking Rules apply to Development Committee only:-*

Written comments or other materials that objectors to or supporters of a Planning Application wish to have presented to the Committee must be sent to the Development Control Team well in advance of the meeting. The deadline is not later than midday three (3) working days before the meeting (i.e. Thursday midday before a Tuesday meeting.)

Summaries of written comments and other written materials received by the Council during the processing of a planning application are included in the report on the application contained within the agenda.

Written comments or photographs cannot be presented at the meeting.

Objectors to and supporters of a planning application and also the Ward Councillor (who is not a member of the Development Committee) may address the Development Committee provided the following rules are observed :

- 1. All parties, including Ward Councillors, who wish to address the Committee, must notify the Development Control Team not later than two (2) working days before the meeting (i.e. Friday midday before a Tuesday meeting.)*

If more than one objector or supporter wishes to address the Committee a request will be made for a representative of each party to be appointed to speak on its behalf. If this is not possible, representatives should be appointed to speak on distinctly different aspects of the objection or support. The Chairman will request the nature of these different aspects before granting or refusing permission to speak.

Speakers will be requested to provide their names and addresses.

Applicants will be allowed to speak only in response to presentations made by objectors or a Parish Councillor or when refusal of an application is recommended.

- 2. Oral presentations and also written comments submitted previously must address only relevant planning issues such as :*

- Relevant planning policies*
- Layout and density of buildings*
- Overshadowing, overlooking and loss of privacy*
- Appearance and character of the development*
- Traffic generation*
- Highway safety*
- Parking provisions*
- Noise, disturbance and other loss of amenities*

And

Speakers will not be permitted to address the Committee on non-material planning issues such as :

- Boundary disputes, covenants and other property rights*
- The applicants morals or motives*
- Reduction in property values*
- Loss of private views over land or countryside*
- Matters dealt with under other statutes, for example licensing*
- Temporary disruption caused during construction work*

- *Possible future development not included in the application*
3. *Presentations will be limited to 3 minutes*
 4. *Speakers will be requested to return to the public gallery after making their presentations. The applicant / objector (s) may be granted further opportunity to address the Committee if the Committee is then addressed by an expert, at its request, on an issue raised by the applicant/objector at an earlier meeting. Speakers must seek the approval of the Chairman to comment on the expert's contribution. They may not ask questions and seek answers.*
 5. *Applications will not be deferred if objectors fail to attend the meeting.*
 6. *The order of speaking will be as follows :*
 - *The Chairman will identify the Planning Application and a Planning Officer will make any introductory comments*
 - *Presentation by a Parish Councillor or his representative*
 - *Presentation by the objector of the objectors spokesperson*
 - *Presentation by the applicant or the applicants representative*
 - *Councillors (a) within the Member's Ward who are not part of the decision-making process and (b) Members not in the concerned Ward may, with the approval of the Chairman, speak provided (1) they have complied with the prior notice arrangements defined above and (2) have notified the Chairman of the specific planning issue(s) they wish to contribute*

23. ATTENDANCE AT COMMITTEES

- 23.1 *The names of the Members present at meetings of Committees shall be recorded in the minutes of the meeting.*
- 23.2 *Any Council Member may attend a Committee as an observer. If given permission by the Chairman of the meeting, a Member attending as an observer may speak (but not vote) on any matter.*

24. PETITIONS

- 24.1 *If any petition is submitted to the Chief Executive, either directly or indirectly, relating to the exercise or non-exercise of duties or powers of the Council, and signed by at least 20 residents of the Borough, it should be referred to the next meeting of the committee responsible for the administration of the powers in connection with the subject matter of the petition. In addition, the Chief Executive shall report the receipt of such a petition to the next meeting of the Council where there shall be no debate or comment thereon.*

ACCESS TO INFORMATION PROCEDURE RULES

1. SCOPE

These rules apply to all meetings of the Council, Overview, Scrutiny and Audit Committee, area committees (if any), policy and other committees and the Standards Committee (together called meetings).

2. ADDITIONAL RIGHTS TO INFORMATION

These rules do not affect any more specific rights to information contained elsewhere in this Constitution or the law.

3. RIGHTS TO ATTEND MEETINGS

Members of the public may attend all meetings subject only to the exceptions in these rules.

4. NOTICES OF MEETING

The Council will give at least five clear days' notice of any meeting by posting details of the meeting at the offices of Melton Borough Council (the designated office).

5. ACCESS TO AGENDA AND REPORTS BEFORE THE MEETING

The Council will make copies of the agenda and reports open to the public available for inspection at the designated office at least five clear days before the meeting. If an item is added to the agenda later, the revised agenda (where reports are prepared after the summons has been sent out, the designated officer shall make each such report available to the public as soon as the report is completed and sent to Councillors) will be open to inspection for the time the item was added to the agenda.

6. SUPPLY OF COPIES

The Council will supply copies of:

- (a) any agenda and reports which are open to public inspection;
- (b) any further statements or particulars necessary to indicate the nature of the items in the agenda; and
- (c) if the Proper Officer thinks fit, copies of any other documents supplied to Councillors in connection with an item.

to any person on payment of a charge for postage and any other costs.

7. ACCESS TO MINUTES ETC AFTER THE MEETING

The Council will make available copies of the following for six years after a meeting:

- (a) the minutes of the meeting excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information;
- (b) a summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record;
- (c) the agenda for the meeting; and
- (d) reports relating to items when the meeting was open to the public.

8. BACKGROUND PAPERS

List of background papers

- 8.1 The Proper Officer will set out in every report a list of those documents (called background papers) relating to the subject matter of the report which in his/her opinion:
- (a) disclose any facts or matters on which the report or an important part of the report is based; and
 - (b) which have been relied on to a material extent in preparing the report.

But does not include published works or those which disclose exempt or confidential information (as defined in Rule 10).

Public inspection of background papers

- 8.2 The Council will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.

9. SUMMARY OF PUBLIC'S RIGHTS

- 9.1 A written summary of the public's rights to attend meetings and to inspect and copy documents must be kept at and available to the public at the offices of Melton Borough Council.

10. EXCLUSION OF ACCESS BY THE PUBLIC TO MEETINGS

Confidential information – requirement to exclude public

- 10.1 The public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Meaning of confidential information

- 10.2 Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Exempt information – discretion to exclude public

10.3 The public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed.

Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, Article 6 of the Human Rights Act 1998 establishes a presumption that the meeting will be held in public unless a private hearing is necessary for one of the reasons specified in Article 6.

Meaning of exempt information

10.4 Exempt information means information falling within the following 10 categories (subject to any condition).

Category	Condition
1. Information relating to any individual.	Public interest test.
2. Information which is likely to reveal the identity of an individual.	Public interest test.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).	Public interest test. Information is not exempt if it is required to be registered under: (a) the Companies Act 1985 (b) the Friendly Societies Act 1974 (c) the Friendly Societies Act 1992 (d) the Industrial and Provident Societies Acts 1965-1978 (e) the Building Societies Act 1986 (f) the Charities Act 1993
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.	Public interest test.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.	Public interest test.
6. Information which reveals that the authority proposes - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.	Public interest test. Public interest test.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.	Public interest test.
7A Information which is subject to any obligation of confidentiality.	Relates only to a Standards Committee local hearing.
7B Information which relates in any	Relates only to a Standards

<p>way to matters concerning national security.</p> <p>7C The deliberations of a Standards Committee or a sub-committee of a Standards Committee established under the provisions of Part 3 of the Local Government Act 2000 in reaching any finding on a matter referred under the provisions of section 60(2) or (3), 64(2), 70(4) or (5) or 71(2) of that Act.</p>	<p>Committee local hearing.</p> <p>Relates only to a Standards Committee local hearing.</p>
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10.5 Information falling within any of the categories above is not exempt if it relates to proposed development for which the local planning authority can grant itself planning permission under Regulation 3 of the Town and Country Planning General Regulations 1992.

11. PUBLIC INTEREST TEST

11.1 Information falling within any of the categories above is exempt information if and so long, as in all the circumstances of the care of the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12. EXCLUSION OF ACCESS BY THE PUBLIC TO REPORTS

If the Proper Officer thinks fit, the Council may exclude access by the public to reports which in his or her opinion relate to items during which, in accordance with Rule 10, the meeting is likely not to be open to the public. Such reports will be marked "Not for publication" together with the category of information likely to be disclosed.

POLICY FRAMEWORK AND BUDGET PROCEDURE RULES

SERVICE AND FINANCIAL PLANNING PROCESS

- 1 The process by which the Budget and Service Plans shall be developed is:
 - (a) Between May and July each year the Policy, Finance and Administration Committee will approve a programme for establishing Service Plans and Budget for the following year.
 - (b) Between May and September each year, Full Council will approve Key Corporate Priorities for the following year having regard to:
 - The Government and Local Government Association's agreed set of shared priorities for local government
 - Local intelligence
 - The priorities of the Leicestershire Community Strategy
 - The priorities of the Melton Community Strategy; and
 - Internal priorities.
 - (c) By October each year, Heads of Service will prepare Draft Service Plans having regard to the agreed Key Corporate Priorities. Each Service Plan will identify key actions that are proposed for the following year and their related costs.
 - (d) The Policy, Finance and Administration Committee will prepare the Council's budget after full consideration of the elements set out in paragraphs (a) – (c).
 - (e) Between November and February of each year, the budget will be refined and reviewed in light of government proposals for funding.
 - (f) Once the budget has been approved, Service Plans will be finalised and approved by the relevant policy committee.
- 2 The above procedure rules set out an integrated process which brings together:-
 - The Council's priorities
 - Service provision
 - The Financial Strategy
- 3 It is a process which cascades down through the organisation. Its objectives are to:
 - Help elected members to determine priorities
 - Forecast changes in demand for services
 - Show the likely implication of changes in legislation or spending
 - Show the future costs of alternative policies.
 - Match demand with likely resources
 - Provide a framework for programming activities by individual services

OVERVIEW AND SCRUTINY PROCEDURE RULES

1. The Council will have one Overview, Scrutiny and Audit Committee, which will perform all overview and scrutiny functions on behalf of the Council. It will consist of 10 Members of the Council.
2. The terms of reference of the Overview, Scrutiny and Audit Committee are set out in detail in Part 3 of this Constitution but in general will be:
 - (g) the performance of all overview and scrutiny functions on behalf of the Council;
 - (ii) the appointment of such task groups or workshop teams as it considers appropriate to fulfil those overview and scrutiny functions;
 - (iii) to approve an annual overview and scrutiny work programme, including the programme of any task group or workshop team it appoints so as to ensure that the committee's and task group/workshop's time are effectively and efficiently utilised;
 - (iv) to put in place a system to ensure that referrals from overview and scrutiny to policy committees, either by way of report or for reconsideration are managed efficiently and do not exceed the limits set out in this Constitution;
 - (v) in the event of reports to policy committees exceeding limits in this Constitution, or if the volume of such reports creates difficulty for the management of policy committees business or jeopardises the efficient running of Council business, at the request of the policy committee, to make decisions about the priority of referrals made.
3. The Overview, Scrutiny and Audit Committee may set up task groups or workshop teams to look into specific projects, or exceptionally for more general purposes;
 - (a) Standing task groups will be the exception rather than the rule. Task groups or workshop teams will normally be set up as ad hoc groups by the Overview, Scrutiny and Audit Committee to do a specified task or project and will have defined terms of reference and be time limited. These may vary in formality and constitution and may be either open to the press and public or closed. All such task groups shall submit a report to the Overview, Scrutiny and Audit Committee on the completion of their work.
 - (b) Any Member who has formed part of a task group or workshop team shall be entitled to see all papers considered by the task group or workshop team and shall be entitled to attend and speak at the Overview, Scrutiny and Audit Committee during the report back session. A Member will only be able to vote if he/she is appointed a Voting Member of the relevant Overview, Scrutiny and Audit Committee.
 - (c) The meetings of task groups or workshop teams shall be as open as possible and will vary in format but will usually be less formal than Overview, Scrutiny and Audit Committee meetings themselves.
 - (d) The Chairman of the task group or workshop team may, if he or she thinks it appropriate, structure a discussion and limit the time allowed for questioning by Members of the task groups or workshop teams and the provisions of

these procedure rules on papers, records and confidentiality apply to task groups as they do to the Overview, Scrutiny and Audit Committee itself.

4. **Who may sit on Overview, Scrutiny and Audit Committees?**

A member of a policy committee may be appointed to an Overview, Scrutiny and Audit Committee, Task Group or Workshop Team but may not be involved in scrutinising a decision in which he/she has been directly involved.

5. **Co-optees**

The Overview, Scrutiny and Audit Committee shall be entitled to recommend to Council the appointment of a number of people as non-voting co-optees.

6. **Meetings of the Overview, Scrutiny and Audit Committee**

Extraordinary meetings of the Overview, Scrutiny and Audit Committee may be called from time to time as and when appropriate. An Overview, Scrutiny and Audit Committee meeting may be called by the Chair of the Overview, Scrutiny and Audit Committee, by any four members of the committee including at least one member of a different political group, where there are more than two political groups on the Council, or by the Proper Officer if he/she considers it necessary or appropriate.

7. **Quorum**

The quorum for the Overview, Scrutiny and Audit Committee shall be as set out for committees in the Council Procedure Rules in Part 4 of this Constitution.

8. **Who chairs Overview, Scrutiny and Audit Committee meetings?**

The Overview, Scrutiny and Audit Committee will be chaired by a Councillor who is not a member of the same political group as the Leader, unless there is no such person serving on the Committee. In such cases, the Committee may appoint such person to chair it from amongst the Councillors sitting on it.

9. **Work programme**

The Overview, Scrutiny and Audit Committee be responsible for setting its own work programme and in doing so they shall take into account wishes of Members on that Committee who are not members of the largest political group on the Council.

10. **Agenda items**

Any Member of the Overview, Scrutiny and Audit Committee shall be entitled to give notice to the Proper Officer that he/she wishes an item relevant to the functions of the committee to be included on the agenda for the next available meeting of the committee. On receipt of such a request the Proper Officer will ensure that it is included on the next available agenda.

Any Members of the Council who are not members of the Overview, Scrutiny and Audit Committee may give written notice to the Proper Officer that they wish an item to be included on the agenda of that Committee. If the Proper Officer

receives such a notification, then he/she will include the item on the first available agenda of the Overview, Scrutiny and Audit Committee for consideration by the available agenda of the Overview, Scrutiny and Audit Committee for consideration by the Committee.

The Overview, Scrutiny and Audit Committee shall also respond, as soon as their work programme permits, to requests from the Council and if it considers it appropriate policy committees to review particular areas of Council activity. Where it does so, the Overview, Scrutiny and Audit Committee shall report its findings and any recommendations back to the relevant policy committee and/or Council. The Council and/or the relevant policy committee shall consider the report of the Overview, Scrutiny and Audit Committee within one month of receiving it.

11. Policy review and development

- (a) The role of the Overview, Scrutiny and Audit Committee in relation to the development of the Council's budget and policy framework is set out in detail in the Budget and Policy Framework Procedure Rules.
- (b) In relation to the development of the Council's approach to other matters not forming part of its Policy and Budget Framework, the Overview, Scrutiny and Audit Committee may make proposals to policy committees for developments insofar as they relate to matters within their terms of reference.
- (c) The Overview, Scrutiny and Audit Committee may hold enquiries and investigate the available options for future direction in policy development and may appoint advisers and assessors to assist them in this process. They may go on site visits, conduct public surveys, hold public meetings, commission research and do all other things that they reasonably consider necessary to inform their deliberations. They may ask witnesses to attend to address them on any matter under consideration and may pay to any advisers, assessors and witnesses a reasonable fee and expenses for doing so.

12. Reports from Overview, Scrutiny and Audit Committee

- (a) Once it has formed recommendations on proposals for development, the Overview, Scrutiny and Audit Committee will prepare a formal report and submit it to the Proper Officer for consideration by the relevant policy committee (if the proposals are consistent with the existing budgetary and policy framework), or to the Council as appropriate (e.g., if the recommendation would require a departure from or a change to the agreed budget and policy framework).
- (b) If an Overview, Scrutiny and Audit Committee cannot agree on one single final report to the Council or the relevant policy committee as appropriate, the minority view will be outlined in the report.
- (c) The Council or policy committee shall consider the report of the Overview, Scrutiny and Audit Committee within one month of it being submitted to the Proper Officer.

13. Making sure that Overview and Scrutiny reports are considered by the policy Committees

Once the Overview, Scrutiny and Audit Committee has completed its deliberations on any matter it will forward a copy of its final report to the Proper Officer who will allocate it to either or both the relevant policy committee and the Council for consideration, according to whether the contents of the report would have implications for the Council's budget and policy framework. If the Proper Officer refers the matter to Council, he/she will also serve a copy on the Leader with notice that the matter is to be referred to Council. Where there are implications for the Council's Policy Framework and budget, the relevant policy committee will have one month in which to respond to the Overview and Scrutiny report, and the Council shall not consider it within that period. When the Council does meet to consider any referral from an Overview, Scrutiny and Audit Committee on a matter which would impact on the budget and policy framework, it shall also consider the response of the relevant policy committee to the Overview and Scrutiny proposals.

14. Rights of Overview, Scrutiny and Audit Committee members to documents

- (a) In addition to their rights as Councillors, members of Overview, Scrutiny and Audit Committees have the additional right to documents, and to notice of meetings as set out in the Access to Information Procedure Rules in Part 4 of this Constitution.
- (b) Nothing in this paragraph prevents more detailed liaison between the relevant policy committee and Overview, Scrutiny and Audit Committee as appropriate depending on the particular matter under consideration.

15. Members and officers giving account

- (a) The Overview, Scrutiny and Audit Committee may scrutinise and review decisions made or actions taken in connection with the discharge of any Council function. As well as reviewing documentation, in fulfilling the scrutiny role, it may require any member of a policy committee or any officer to attend before it to explain in relation to matters within their remit:
 - (i) any particular decision or series of decisions;
 - (ii) the extent to which the actions taken implement Council policy; and/or
 - (iii) their performance.

and it is the duty of those persons to attend if so required. However, where an officer is asked to attend who is not the Chief Executive, a corporate Director or a Senior Manager (member of the Managers' Forum) that officer shall be entitled to be accompanied by a senior Manager, the Chief Executive or a Strategic Director. Similarly, the Chief Executive, a Corporate Director or a senior Manager shall be entitled to be accompanied by another officer if he/she considers that that officer has a more detailed knowledge of the issue under consideration.

Deleted: Corporate

- (b) Where any member or officer is required to attend an Overview, Scrutiny and Audit Committee under this provision, the Chair of that Committee will inform the Proper Officer. The Proper Officer shall inform the Member or officer in writing giving at least 14 working days notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Committee. Where the account to be given to

the Committee will require the production of a report, then the Member or officer concerned will be given sufficient notice to allow for preparation of that documentation.

- (c) Where, in exceptional circumstances, the Member or officer is unable to attend on the required date, then the Overview, Scrutiny and Audit Committee shall in consultation with the Member or officer arrange an alternative date for attendance to take place within a maximum of seven days from the date of the original request.
- (d) Anyone asked to attend the Overview, Scrutiny and Audit Committee shall be entitled to see the terms of reference of the particular matter under consideration by that committee before attending to speak.
- (e) Anyone asked to speak to the Overview, Scrutiny and Audit Committee shall be entitled to see the public papers which have been made available to the Committee and, wherever possible, on the same time scale for a Member of that Committee.
- (f) Anyone asked to speak to the Committee shall, wherever possible, be given access to statements submitted by people from whom the Overview, Scrutiny and Audit Committee has already heard but not those yet who have not yet given evidence. The Chairman of the Overview, Scrutiny and Audit Committee shall have a discretion to disclose other papers, including statements submitted by following speakers and confidential (exempt) material, if he or she considers that it will help the speakers to address a particular point or will otherwise assist the Committee's examination of the issue.
- (g) All speakers shall respect the confidentiality of any confidential or exempt information they receive and shall not disclose it without the authorisation of the Overview, Scrutiny and Audit Committee.
- (h) Papers submitted by speakers shall become public documents once they have presented their evidence and shall be cited as background papers to the Overview, Scrutiny and Audit Committee's published report.
- (i) Overview, Scrutiny and Audit Committee Members may expect to ask searching questions but will always behave in a polite and respectful way to any one contributing to the Committee's proceedings.
- (j) The speaker shall have a maximum period of five minutes to contribute evidence or a longer period as the Chairman of the Committee may specify. If someone making such a contribution exceeds the time limit given the Chairman may stop him or her. The chairman may also structure a discussion and limit the time allowed for questioning by members of the Overview, Scrutiny and Audit Committee.
- (k) Speakers shall be entitled to a copy of any draft minutes or other record taken of their contribution for comment. Should they feel that such record is not accurate then they shall be given the opportunity to make a written representation for the correction to be submitted to the next meeting of the Overview, Scrutiny and Audit Committee.

- (l) Overview, Scrutiny and Audit Committee meetings shall be open to the press and public except where they are considering matters which would give rise to the disclosure of confidential or exempt information as defined in Schedule 12A of the Local Government Act 1972.

16. Attendance by others

The Overview, Scrutiny and Audit Committee may invite people other than those people referred to in paragraph 15 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and Members and officers in other parts of the public sector and shall invite such people to attend. Paragraphs 15 (h) to (l) apply accepting that attendance under this paragraph is entirely optional.

17. Call-in

Call-in should only be used in exceptional circumstances. These are where members of the Overview, Scrutiny and Audit Committee have evidence which suggests that a policy committee:

- (i) did not take a decision in accordance with the principles set out in Article 12; or is
 - (ii) in conflict with the Council's policy framework; or is
 - (iii) in conflict with the Council's financial strategy.
- (a) When a decision is made by a policy committee, the decision shall be published, including where possible by electronic means, and shall be available at the main offices of the Council within two working days of being made. The Chairman of the Overview, Scrutiny and Audit Committee will be sent copies of the records of all such decisions within the same timescale, by the person responsible for publishing the decision.
 - (b) that notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of six working days after the publication of the decision, unless an Overview, Scrutiny and Audit Committee objects to it and calls it in.
 - (c) During that period, the Proper Officer shall call-in a decision for scrutiny by the Committee if so requested by any four members of the Committee, including at least one Member from a different political group where there are more than two political groups on the Council, and shall then notify the decision-taker of the call-in. He/she shall call a meeting of the Committee on such date as he/she may determine, where possible after consultation with the Chairman of the Committee, and in any case within five days of the decision to call-in.
 - (d) If, having considered the decision, the Overview, Scrutiny and Audit Committee is still concerned about it, then it may refer it back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns or refer the matter to Full Council. If referred to the decision maker it/he/she shall then reconsider within a further five working days, amending the decision or not, before adopting a final decision.

- (e) If following an objection to the decision, the Overview, Scrutiny and Audit Committee does not meet in the period set out above, or does meet but does not refer the matter back to the decision making person or body, the decision shall take effect on the date of the Overview and Scrutiny meeting, or the expiry of that further five working day period, whichever is the earlier.
- (f) If the matter was referred to Full Council and the Council does not object to a decision which has been made, then no further action is necessary and the decision will be effective in accordance with the provision below. However, if the Council does object, the Council will refer any decision to which it objects back to the decision making person or body, together with the Council's views on the decision. That decision making body or person shall choose whether to amend the decision or not before reaching a final decision and implementing it. Where the decision was taken by a policy committee, a meeting will be convened to reconsider within five working days of the Council request.
- (g) If the Council does not meet, or if it does not refer the decision back to the decision making body or person, the decision will become effective on the date of the Council meeting or expiry of the period in which the Council meeting should have been held, whichever is the earlier.
- (h) The call-in procedure set out above shall not apply where the decision being taken by the policy committee is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests. The record of the decision, and notice by which it is made public shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in. The Head of Paid Service in consultation with the Mayor, or in his absence, the Deputy Mayor, must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency. Decisions taken as a matter of urgency must be reported to the next available meeting of the Council, together with the reasons for urgency.
- (i) The operation of the provisions relating to call-in and urgency shall be monitored annually, and a report submitted to Council with proposals for review if necessary.

18. **The party whip**

For the purpose of this paragraph "the party whip" is taken to mean:

"any agreement made by or on behalf of a political group or any instruction given by or on behalf of a political group to any councillor who is a member of that group as to how that Councillor shall speak or vote on any matter before the Council or any committee or sub-committee, or the application or threat to apply any sanction by the group in respect of that Councillor should he/she speak or vote in any particular manner."

Guidance from the DTLR considers that the use of the party whip is incompatible with the Overview and Scrutiny function. Accordingly, a member of the Overview,

Scrutiny and Audit Committee when considering any matter at that Committee shall not be subject to the party whip.

19. **Procedure at Overview, Scrutiny and Audit Committee meetings**

- (a) Overview, Scrutiny and Audit Committee and sub-committees shall consider the following business:
 - (i) minutes of the last meeting;
 - (ii) declarations of interest (including whipping declarations);
 - (iii) consideration of any matter referred to the committee for a decision in relation to call-in of a decision;
 - (iv) responses of a policy committee to reports of the Overview, Scrutiny and Audit Committee; and
 - (v) the business otherwise set out on the agenda for the meeting.

- (b) Before starting any review or enquiry, an Overview, Scrutiny and Audit Committee will:
 - (i) define the issue/area it wishes to look at and the committee's purpose in undertaking the review;
 - (ii) indicate the type of background information and any performance or other data the Committee requires;
 - (iii) indicate the individuals the Committee would like to interview as part of its review (e.g. Members, Officers, representatives of other organisations, local residents and outside experts, etc)
 - (iv) set a realistic timescale including meeting dates if there are to be additional meetings to those in the calendar, and
 - (v) decide whether the review is to be undertaken by the Committee itself or by a working group of members of the Committee reporting to the Committee.

- (c) Where the Overview, Scrutiny and Audit Committee conducts investigations (e.g., with a view to policy development), the Committee may also ask people to attend to give evidence at Committee meetings which are to be conducted in accordance with the following principles:
 - (i) that the investigation be conducted fairly and all Members of the Committee be given the opportunity to ask questions of attendees, and to contribute and speak;
 - (ii) that those assisting the committee by giving evidence be treated with respect and courtesy; and
 - (iii) that the investigation be conducted so as to maximise the efficiency of the investigation or analysis.

- (d) The terms of reference for any review to be undertaken by an Overview, Scrutiny and Audit Committee will be agreed by the Chairman of that Committee. The Chairman will then manage the review with the assistance of the Committee Support Offices.

- (e) Following any investigation or review, the Committee shall prepare a report, for submission to the relevant policy committee and/or Council as appropriate and shall make its report and findings public.

FINANCIAL PROCEDURE RULES

1. FINANCIAL ADMINISTRATION

1.1 The Policy, Finance and Administration Committee is responsible to the Council for regulating and controlling the finances of the Council.

1.2 The Head of Central Services is for the purposes of Section 151 of the Local Government Act 1972 the “designated” officer responsible for the proper administration of the Council’s financial affairs.

Deleted: Head of Financial Services

1.3 The Head of Central Services shall make a report to the Council under the requirements of Section 114 of the Local Government Finance Act 1988, if it appears to him that the Council, a Committee, or Officer of the Council or a Joint Committee on which the Council is represented:

Deleted: Head of Financial Services

- (i) has made or is about to make a decision which involves or would involve the Council incurring expenditure which is unlawful;
- (ii) has taken or is about to take a course of action which if pursued to its conclusion would be unlawful and likely to cause a loss or deficiency on the part of the Council;
- (iii) is about to enter an item of account the entry of which is unlawful; or
- (iv) has incurred expenditure, or proposes to incur expenditure, in a financial year in excess of the resources (including sums borrowed) available to it to meet that expenditure.

1.4 The Overview, Scrutiny and Audit Committee shall be responsible for the performance review function of the Council by:-

- (i) selecting heads of continuing expenditure for review;
- (ii) comparing such expenditures with comparable financial standards and trends; and
- (iii) expressing opinion whether such expenditures are providing value for money and reporting with recommendations.

1.5 The Council's Contract Procedure Rules will apply to every Committee, and employee of the Council or other person acting on behalf of the Council.

1.6 All Directors and Heads of Service are responsible for the accountability and control of staff and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their directorate.

2. FINANCIAL PLANNING

- 2.1 Each Committee shall submit to the Policy, Finance and Administration Committee a programme of capital expenditure and revenue estimates for such future periods and in such form and by such dates as the Policy, Finance and Administration Committee shall require.
- 2.2 The Policy, Finance and Administration Committee shall consider the aggregate effect of these programmes and estimates upon the Council's financial resources, and, after consultation on any proposed amendment, shall submit them to the Council for approval with a recommendation as to the level of the Council Tax to be levied for the ensuing financial year.
- 2.3 Each Member of the Council shall be provided with a copy of the proposed capital programme and revenue estimates together with a statement by the Head of Central Services of their effect on the Council's finances and the Council Tax to be levied at least seven days before the meeting of the Council at which such matters will be considered.

Deleted: Head of Financial Services

3. BUDGETARY CONTROL

- 3.1 It shall be the duty of every Committee to monitor and regulate its financial performance during the currency of each estimate period.
- 3.2 A Committee may not incur expenditure which cannot be met from the amount provided in the revenue estimates under a head of estimate (including any virement made in accordance with Standing Order 3.3 below) to which that expenditure would be charged or would result in any over-spending in the year on that head of estimate unless a supplementary estimate request has been submitted to and approved by the Policy, Finance and Administration Committee. This shall apply equally both to increases in expenditure and reductions in income.
- 3.3 Amounts provided in the approved annual revenue estimates under particular heads of expenditure shall not be diverted to other purposes by the Committee concerned without the approval of the Policy, Finance and Administration Committee save that such approval is not required when the amount for any single purpose does not exceed £20,000 and does not involve a new policy or a variation or extension of an existing policy. A Committee shall not vary the permanent establishment without the prior approval of the Policy, Finance and Administration Committee.
- 3.4 Every Committee shall follow the procedure set out in the latest Project Management System as regards the inclusion of new schemes in its Capital Programme and in seeking funding from the Policy, Finance and Administration Committee in respect of such schemes.
- 3.5 A Committee proposing to vary its approved programme of capital expenditure by the addition, deletion or material modification of a project in that programme shall submit a recommendation to the Policy, Finance and Administration Committee. The Policy, Finance and Administration Committee may approve, but not disapprove, the proposal on the Council's behalf. Such approval shall not be required where a Committee wishes to transfer an

amount not exceeding £50,000 from one head of the capital programme to another.

Deleted: 20

- 3.6 Nothing in these Procedure Rules shall prevent a Committee from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency or which is referable to Section 138 of the Local Government Act 1972 subject to its action being reported subsequently to the Policy, Finance and Administration Committee.
- 3.7 The inclusion of items in approved revenue estimates or capital programmes shall constitute authority to incur such expenditure save to the extent to which the Policy, Finance and Administration Committee or the Council shall place a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when and to the extent that such reservation has been removed.
- 3.8 The Policy, Finance and Administration Committee shall, from time to time, keep the Council informed as to the state of the Council's finances and shall report on the accounts of each financial year as soon as possible but not later than 30 June in the succeeding financial year.
- 3.9 Where a Committee proposes:-
- (i) a new policy; or
 - (ii) a variation of existing policy; or
 - (iii) a variation in the means or time-scale of implementing existing policy

which significantly affects or may significantly affect the Council's finances, it shall submit a report to the Policy, Finance and Administration Committee before the proposal is implemented and the Policy, Finance and Administration Committee shall report thereon to the Council.

SECTION 1 - FINANCIAL MANAGEMENT

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MANAGEMENT

1. FINANCIAL MANAGEMENT STANDARDS

Why is this important?

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- 1.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Key controls

- 1.2 The key controls and control objectives for financial management standards are:
- (a) their promotion throughout the Council
 - (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Policy, Finance and Administration Committee and the Council.

Responsibilities of the Head of Central Services

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Services

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

Responsibilities of Directors/Heads of Service

- 1.8 To promote the financial management standards set by the Head of Central Services in their directorates/sections and to monitor adherence to the standards and practices, liaising as necessary with the Head of Central Services.
- 1.9 To promote sound financial practices in relation to the standards, performance and development of staff in their directorates/sections.

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2. MANAGING EXPENDITURE

SUPPLEMENTARY ESTIMATES

Why is it important?

- 2.1 To ensure that procedures are in place to approve additional spending where amounts cannot be met from amounts provided in the revenue estimates under a budget head.
- 2.2 The Budget is set on an annual basis and events do occur that require additional spending within the year. This is particularly the case where there is a statutory requirement which cannot be avoided.

Key Controls

- 2.3 The key controls for supplementary estimates are:
 - (a) Accounting procedures that identify prior to a commitment being made the potential overspend against the approved budget.
 - (b) Approval by the Policy, Finance and Administration Committee of any new policy or extension of an existing policy which would result in additional expenditure.
 - (c) The approval by the Chief Executive in consultation with the Strategic Management Team of supplementary estimates requested from budget holders subject to sufficient budget savings having been identified from existing budgets or the Policy, Finance and Administration Committee having allocated a specific budget for this purpose for:
 - Increases in the operating costs or reduction in income for existing services; or
 - Increase in the usage of existing services and where any single item does not exceed £20,000.

Responsibilities of the Head of Central Services

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- 2.4 To administer the scheme for approving supplementary estimates within the guidelines approved by the Policy, Finance and Administration Committee.
- 2.5 To report details of supplementary estimates approved by the Chief Executive under delegated authority to the Policy, Finance and Administration Committee.
- 2.6 To provide budget holders with information on spending and commitments against approved budgets.
- 2.7 To prepare jointly with the budget holder a report to the Policy, Finance and Administration Committee where a request for a supplementary estimate is outside of the delegation to the Chief Executive or the Chief Executive chooses not to exercise his or her delegation.

Responsibilities of Budget Holders

- 2.8 To keep under constant review spending and commitments against approved budgets and where it appears that spending will exceed the approved budget or where additional expenditure is proposed which is not within the approved budget to seek a supplementary estimate.
- 2.9 To submit such requests in the form and the manner prescribed by the Head of Central Services.
- 2.10 Not to incur expenditure which cannot be met from the approved budget or any supplementary estimates that has been approved for the specific purpose.

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SCHEME OF VIREMENT

Why is this important?

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

Key controls

- 2.12 Key controls for the scheme of virement are:
- (a) It is administered by the Head of Central Services within guidelines set by the Policy, Finance and Administration Committee. Any variation from this scheme requires the approval of the Policy, Finance and Administration Committee.
- (b) The overall budget is agreed by the Policy, Finance and Administration Committee and approved by the Council. Budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a line in the approved estimates report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA's Service Expenditure Analysis, i.e. employees, premises etc.
- (c) Virement does not create additional overall budget liability. Budget holders are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Budget holders must plan to fund such commitments from within their own budgets.

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Responsibilities of the Head of Central Services

- 2.13 To prepare jointly with the budget holder a report to the Policy, Finance and Administration Committee where a virement in excess of £20,000 is proposed or where a new policy or extension of an existing policy is proposed or where

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the proposal is to vary the permanent establishment unless the prior approval of the Policy, Finance and Administration Committee has been given.

- 2.14 To report to the Policy, Finance and Administration Committee on the overall amounts vired under this scheme from time to time.

Responsibilities of the Budget Holders

- 2.15 A budget holder may exercise virement on budgets within individual services under his or her control without restriction following notification to the Head of Central Services.

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- 2.16 A budget holder may exercise virement on budgets between services subject to the amount for any single purpose not exceeding £20,000, the approval of the budget holder being obtained when the service being vired either to or from is not under his or her control and the approval of the Head of Central Services being obtained. The Head of Central Services in giving approval to have regard to the competing demands on the Council's resources.

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- 2.17 Amounts greater than £20,000 or where a new policy or a variation or extension of an existing policy is proposed or where the proposal is to vary the permanent establishment and the prior approval of the Policy, Finance and Administration Committee has not been given require the approval of the Policy, Finance and Administration Committee following a joint report by the Head of Central Services and the budget holder which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year. Amounts greater than £50,000 shall require the approval of the Council. Where the virement does not affect the nature of the expenditure this procedure rule shall not apply but the approval of the Head of Central Services must be obtained.

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- 2.18 Virement that is likely to impact on the level of service activity of another budget holder should be implemented only after agreement with the relevant budget holder.

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

- 2.20 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- (a) the amount is used in accordance with the purposes for which it has been established.
- (b) The Policy, Finance and Administration Committee has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Policy, Finance and Administration Committee.

IDENTIFICATION OF SURPLUS MONIES

Why is it important?

- 2.21 To ensure surplus monies are identified at the earliest point possible during the financial year to enable budgets to be adjusted and any resulting savings to be diverted to those service areas which have been identified as high priority for additional funding.

Key Controls

- 2.22 The key controls for identification of surplus monies are:
- (a) Appropriate accounting procedures are in place to identify underspendings against approved budgets.
 - (b) Appropriate procedures are in place for approving supplementary budgets against savings arising from reducing budgets that are underspent.

Responsibilities of Head of Central Services

- 2.23 To administer the process within the guidelines set by the Policy, Finance and Administration Committee.

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Responsibilities of Budget Holders

- 2.24 Budget holders are required to provide to the Head of Central Services justifications for any underspendings against approved budgets when requested.

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- 2.25 In calculating the underspending the standard service sub-division as defined by CIPFA's Service Expenditure Analysis, i.e. employees, premises, etc. or its equivalent will be used.

- 2.26 At any time any budget holder becoming aware that budget savings have or will be made must surrender the excess budget and notify the Head of Central Services accordingly.

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- 2.27 Amounts which become available through these processes will be allocated to those service areas which have been identified as high priority for additional funding through the supplementary estimate process.

TREATMENT OF YEAR-END BALANCES

Why is this important?

- 2.28 To ensure that procedures are in place to provide for the carrying forward of under and overspendings on budget headings at the year end.
- 2.29 The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. For the purposes of this scheme, a

budget head is considered to be a line in the approved estimates report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA's Service Expenditure Analysis, i.e. employees, premises, etc.

Key Controls

2.30 The key control for year end balances is:

- (a) Appropriate accounting procedures are in operation to ensure that carried-forward amounts can be identified and totals are correct.

Responsibilities of the Head of Central Services

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2.31 To administer the scheme of carry-forward within the guidelines approved by the Policy, Finance and Administration Committee.

2.32 To report all overspendings and underspendings on service estimates carried forward to the Policy, Finance and Administration Committee.

Responsibilities of Budget Holders

2.33 Any overspending on service estimates in total on budgets under the control of a budget holder must be carried forward to the following year unless a supplementary estimate has been approved by the Policy, Finance and Administration Committee and will constitute the first call on service estimates in the following year. The Head of Central Services will report the extent of overspendings carried forward to the Policy, Finance and Administration Committee.

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2.34 Net underspendings on service estimates under the control of a budget holder may be carried forward, subject to:

- (a) The approval of the Policy, Finance and Administration Committee following a report setting out the source of the underspending or additional income and the proposed application of those resources.
- (b) The approval of the Council where the underspending exceeds £50,000.
- (c) The approval being given no later than 30 April in any year.

2.35 All internal business unit surpluses shall be retained for the benefit of the Council and their application shall require the approval of the Policy, Finance and Administration Committee.

3. ACCOUNTING POLICIES

Why is this important?

3.1 The Head of Central Services is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Council Accounting

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in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC), for each financial year ending 31 March.

Key Controls

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

Responsibilities of the Head of Central Services

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- 3.3 To select suitable accounting policies and to ensure that they are applied consistently.

Responsibilities of Directors and Budget Holders

- 3.4 To adhere to the accounting policies and guidelines approved by the Head of Central Services.

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4. ACCOUNTING RECORDS AND RETURNS

Why is this important?

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

Key Controls

- 4.2 The key controls for accounting records and returns are:
- (a) all Council committees, finance staff and budget holders operate within the required accounting standards and timetables
 - (b) all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
 - (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure

- (d) reconciliation procedures are carried out to ensure transaction are correctly recorded
- (e) prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Head of Central Services

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- 4.3 To determine the accounting procedures and records for the Council. Where these are maintained outside the Financial Services Section, the Head of Central Services should consult the director concerned.
- 4.4 To arrange for the compilation of all accounts and accounting records under his or her direction.
- 4.5 To comply with the following principles when allocating accounting duties:
 - (a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them.
 - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 4.6 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2003.
- 4.7 To ensure that all claims for funds including grants are made by the due date.
- 4.8 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council to approve the statement of accounts before 30 June.
- 4.9 To administer the Council's arrangements for under and overspendings to be carried forward to the following year.
- 4.10 To administer the Council's arrangements for approving supplementary estimates and virements and identifying surplus monies.
- 4.11 To ensure the proper retention of financial documents in accordance with best practice and any statutory requirements.

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Responsibilities of Directors/Heads of Service

- 4.12 To consult and obtain the approval of the Head of Central Services before making any changes to accounting records and procedures.
- 4.13 To comply with the principles outlined above when allocating accounting duties.
- 4.14 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.

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4.15 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Head of Central Services.

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5. THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

5.1 The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Council is responsible for approving the statutory annual statement of accounts.

Key Controls

5.2 The key controls for the annual statement of accounts are:

- (a) the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Council, that officer is the Head of Central Services.
- (b) The Council's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC).

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Responsibilities of the Head of Central Services

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5.3 To select suitable accounting policies and to apply them consistently

5.4 To make judgements and estimates that are reasonable and prudent

5.5 To comply with the SORP.

5.6 To sign and date the statement of accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 20xx.

5.7 To draw up the timetable for final accounts preparation and to advise staff and external audit accordingly.

Responsibilities of Directors/Heads of Service

5.8 To comply with accounting guidance provided by the Head of Central Services and to supply the Head of Central Services with information when required.

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SECTION 2 - FINANCIAL PLANNING

1. PERFORMANCE PLANS

Why is this important?

- 1.1 Each local authority has a statutory responsibility to publish various performance plans, including best value performance plans, community strategies etc. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement.

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Key Controls

- 1.2 The key controls for performance plans are:

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

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

- 1.3 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.

Responsibilities of the Head of Communications

Deleted: e Assistant Chief Executive

- 1.4 To contribute to the development of corporate and service targets and objectives and performance information.
- 1.5 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 1.6 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

Responsibilities of Directors/Heads of Service

- 1.7 To contribute to the development of performance plans in line with statutory requirements.
- 1.8 To contribute to the development of corporate and service targets and objectives and performance information.
- 1.9 To ensure that accurate information is collected in accordance with approved systems for the purpose of measuring activity and performance.

2. BUDGETING

FORMAT OF THE BUDGET

Why is this important?

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

Key Controls

- 2.2 The key controls for the budget format are:
 - (a) the format complies with all legal requirements
 - (b) the format complies with CIPFA's Best Value Accounting – Code of Practice
 - (c) the format reflects the accountabilities of service delivery.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

- 2.3 To advise the Policy, Finance and Administration Committee on the format of the budget that is approved by the Council.

Responsibilities of Directors/Heads of Service

- 2.4 To comply with the guidance provided by the Head of Central Services.

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REVENUE BUDGET PREPARATION, MONITORING AND CONTROL

Why is this important?

- 2.5 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

- 2.6 By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- 2.7 For the purposes of budgetary control by budget holders, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the Policy, Finance and Administration Committee or by the Scheme of Delegation.

Key Controls

- 2.8 The key controls for managing and controlling the revenue budget are:
- (a) budget holders should be responsible only for income and expenditure that they can influence
 - (b) there is a nominated budget holder for each service cost centre heading
 - (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
 - (d) budget managers follow an approved certification process for all expenditure
 - (e) income and expenditure is properly recorded and accounted for
 - (f) performance levels/levels of service are monitor
 - (g) Compliance with the budget setting, monitoring and control protocol.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

- 2.9 To establish an appropriate framework of budgetary management and control that ensures that:
- (a) budget management is exercised within annual cash limits unless the Council agrees otherwise
 - (b) each director and budget holder has available timely information on receipts and payments and commitments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
 - (c) expenditure is committed only against an approved budget head
 - (d) all officers responsible for committing expenditure comply with relevant guidance, and financial procedure rules
 - (e) each service/cost centre has a named budget and deputy budget holder, determined by the relevant director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.

(f) significant variances from approved budgets are investigated and reported by budget holders regularly

2.10 To administer the Council's schemes for approving virements, supplementary estimates and identifying surplus monies.

2.11 To submit reports to the Policy, Finance and Administration Committee in consultation with the relevant director, where a director is unable to balance expenditure and resources within existing approved budgets under his or her control.

2.12 To prepare and submit reports to the Policy, Finance and Administration Committee on the Council's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of Directors/Heads of Service

2.13 To maintain budgetary control within their service areas, and to ensure that all income and expenditure is properly recorded and accounted for.

2.14 To ensure that an accountable budget and deputy budget holder is identified for each item of income and expenditure under the services they control. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

2.15 To ensure that a monitoring process is in place to review performance levels/level of service in conjunction with the budget and is operating effectively.

Responsibilities of Budget Holders

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

2.17 To prepare and submit to the Policy, Finance and Administration Committee reports on the service's projected expenditure compared with its budget and its performance in consultation with the Head of Central Services.

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2.18 To ensure prior approval by the Council or Policy, Finance and Administration Committee (as appropriate) for new proposals of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce the authority's services.

2.19 To ensure compliance with the schemes for approving virements, supplementary estimates or identifying surplus monies.

2.20 To agree with the relevant budget holder where it appears that a budget proposal, including a virement or supplementary estimate proposal, may

impact materially on another service area or budget holder's level of service activity.

BUDGETS AND MEDIUM-TERM FINANCIAL PLANNING

Why is this important?

- 2.21 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.
- 2.22 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.
- 2.23 Medium-term financial planning (or a three-to-five-year planning system) involves looking forward over a given period to assess the impact of known or likely changes on the Council's financial position. As each year passes, another future year will be added to the medium-term plan. This ensures that the Council is always preparing for events in advance.

Key Controls

- 2.24 The key controls for budgets and medium-term planning are:
- (a) specific budget approval for all expenditure
 - (b) budget holders are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Council or Policy, Finance and Administration Committee for their budgets and the level of service to be delivered
 - (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.
 - (d) the medium-term financial plan is reviewed and updated on a regular basis.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

- 2.25 To prepare and submit reports on budget prospects to the Policy, Finance and Administration Committee including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 2.26 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Council, and after consultation with the Policy, Finance and Administration Committee and Directors.

- 2.27 To prepare and submit reports to the Policy, Finance and Administration Committee on the aggregate spending plans and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.
- 2.28 To advise on the medium-term financial implications of spending decisions.
- 2.29 To encourage the best use of resources and value for money by working with directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

Responsibilities of Directors/Heads of Service

- 2.30 To prepare estimates of income and expenditure and budgets that are consistent with any relevant cash limits, with the Council's annual budget cycle, and with the medium-term financial plan guidelines issued by the Policy, Finance and Administration Committee for submission to the Policy, Finance and Administration Committee. The format will be prescribed by the Head of Central Services.
- 2.31 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.32 When drawing up draft budget requirements, to have regard to:
- (a) spending patterns and pressures revealed through the budget monitoring process
 - (b) legal requirements
 - (c) policy requirements as defined by the Council in the approved policy framework
 - (d) initiatives already under way

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RESOURCE ALLOCATION

Why is this important?

- 2.33 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key Controls

- 2.34 The key controls for resource allocation are:
- (a) resources are acquired in accordance with the law and using an approved authorisation process

- (b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
- (c) resources are securely held for use when required
- (d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.
- (e) resources are allocated having regard to the relative priorities of the competing demands.

Responsibilities of the Head of Central Services

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- 2.35 To advise on opportunities for funding from all sources, such as grants from central government or other external bodies, leasing and borrowing etc.
- 2.36 To assist in the allocation of resources to budget holders.
- 2.37 To administer schemes for assisting with the determination of the relative priorities of competing demands for service resources.

Responsibilities of Directors/Heads of Service

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

- 2.40 To identify in consultation with the Head of Central Services, opportunities for funding from external sources.

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CAPITAL PROGRAMMES

Why is this important?

- 2.41 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 2.42 The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of the medium-term financial planning strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key Controls

- 2.43 The key controls for capital programmes are:
 - (a) specific approval by the Council for the programme of capital expenditure
 - (b) expenditure on capital schemes is within approved budgets.
 - (c) every committee/director/manager will follow the procedure set out in the latest Project Management System as regards the inclusion of new

schemes in the Programme, in seeking funding for its programme of capital works and in reporting variations and seeking approval to changes in the work of individual services.

- (d) The development and implementation of capital strategies and asset management plans
- (e) accountability for each proposal is accepted by a named manager
- (f) monitoring of progress in conjunction with expenditure and comparison with approved budget.

Responsibilities of the Head of Central Services

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- 2.44 To prepare capital estimates jointly with directors and to report them to the Policy, Finance and Administration Committee for approval. The Policy, Finance and Administration will make recommendations on the capital estimates and on any associated financing requirements to the Council.
- 2.45 To prepare and submit reports to the Policy, Finance and Administration Committee on the projected income, expenditure and resources compared with the approved estimates.
- 2.46 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques or the operation of the Project Management System. The definition of 'capital' will be determined by the Head of Central Services, having regard to Government regulations and accounting requirements.
- 2.47 To obtain authorisation from the Policy, Finance and Administration Committee for individual schemes where the estimated expenditure exceeds the limits set out in the Project Management System.

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Responsibilities of Directors/Heads of Service

- 2.48 To comply with guidance concerning capital schemes and controls issued by the Head of Central Services.
- 2.49 To ensure that all capital proposals comply with the Project Management System and any guidance issued by the Head of Central Services.
- 2.50 To ensure that adequate records are maintained for all capital contracts.
- 2.51 To proceed with projects only when there is adequate provision in the capital programme.
- 2.52 To prepare and submit reports, jointly with the Head of Central Services, to the Policy, Finance and Administration Committee, of any variation in individual scheme costs greater than the approved limits.
- 2.53 To ensure that credit arrangements, such as leasing arrangements, are not entered into without the prior approval of the Head of Central Services and, if applicable, approval of the scheme through the capital programme.

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2.54 To consult with the Head of Central Services and to seek Policy, Finance and Administration Committee's approval where the director/head of service proposes to bid for supported capital expenditure (Revenue) to be issued by Government departments to support expenditure that has not been included in the current year's capital programme.

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2.55 To ensure that the reporting and monitoring arrangements set out in the Project Management System are complied with regarding progress and completion of individual schemes.

3. MAINTENANCE OF RESERVES

Why is this important?

3.1 The Council must decide the level of general reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

Key Controls

3.2 The key controls for reserves are:

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

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

(c) Authorisation and expenditure from reserves by the Policy, Finance and Administration Committee following a report by the appropriate head of service after consultation with the Head of Central Services.

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Responsibilities of the Head of Central Services

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3.3 To advise the Policy, Finance and Administration Committee and/or the Council on prudent levels of reserves for the Council, and to take account of agreed accounting policies and the advice of the external auditor in this matter.

Responsibilities of Directors/Heads of Service

3.4 To ensure that resources are used only for the purpose for which they were intended.

SECTION 3 - **FINANCIAL SYSTEMS** AND PROCEDURES

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1. GENERAL

Why is this important?

1.1 Departments have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. Departments are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

1.2 The **Head of Central Services** has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes.

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Key Controls

1.3 The key controls for systems and procedures are:

- (a) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated
- (b) performance is communicated to the appropriate managers on an accurate, complete and timely basis
- (c) early warning is provided of deviations from target, plans and budgets that require management attention
- (d) operating systems and procedures are secure.

Responsibilities of the **Head of Central Services**

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1.4 To make arrangements for the proper administration of the Council's financial affairs, including to:

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

Responsibilities of Directors/Heads of Service

1.5 To ensure that accounting records are properly maintained and held securely.

1.6 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Head of Central Services.

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1.7 To ensure that a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

1.8 To incorporate appropriate controls to ensure that, where relevant:

- (a) all input is genuine, complete, accurate, timely and not previously processed
- (b) all processing is carried out in an accurate, complete and timely manner
- (c) output from the system is complete, accurate and timely.

1.9 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.

1.10 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

1.11 To ensure that systems are documented and staff trained in operations.

1.12 To consult with the Head of Central Services before changing any existing system or introducing new systems.

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1.13 To identify officers authorised to act upon the director's behalf in respect of payments, income collection and placing orders, including variations and showing the limits of their authority.

1.14 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Head of Central Services together with any subsequent variations.

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1.15 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

1.16 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.

1.17 To ensure that relevant standards and guidelines for computer systems are observed.

1.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.

- 1.19 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the Council is used on its computers
 - (b) staff are aware of legislative provisions
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.

2. INCOME AND EXPENDITURE

INCOME

Why is this important?

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

Key Controls

- 2.2 The key controls for income are:

- (a) all income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
- (b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
- (c) all money received by an employee on behalf of the Council is paid without delay to the Head of Central Services or, as he or she directs, to the Council's Bank or National Giro account, and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
- (d) effective action is taken to pursue non-payment within defined timescales
- (e) formal approval for debt write-off is obtained
- (f) appropriate write-off action is taken within defined timescales
- (g) appropriate accounting adjustments are made following write-off action
- (h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- (i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process
- (j) to maintain records/identification procedures if there is a suspicion of money laundering or a payment of more than 15,000 Euros in one or more linked transactions.

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Responsibilities of the Head of Central Services

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- 2.3 To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- 2.4 To agree the system for the supply to departments of all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.
- 2.5 To write-off bad debts up to an approved limit in each case and to refer larger sums to the Policy, Finance and Administration Committee and to keep a record of all sums written-off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2003.
- 2.6 To ensure that appropriate accounting adjustments are made following write-off action.

Responsibilities of Directors/Heads of Service

- 2.7 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- 2.8 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 2.9 To collect amounts due in advance of providing services wherever possible. Where this is not possible to ensure credit checks are run for all commercial debtors in excess of £1,000. Debtor invoices will not be raised for amounts below £10, unless there is a legal requirement to recover e.g. ground rents, as below this amount it is not cost-effective to collect.
- 2.10 To issue official receipts or to maintain other documentation for income collection.
- 2.11 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 2.12 To hold securely receipts, tickets and other records of income for the appropriate period.
- 2.13 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 2.14 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- 2.15 To ensure income is not used to cash personal cheques or other payments.
- 2.16 To supply the Head of Central Services with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Head of Central Services to record correctly the sums due to the Council and to

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ensure accounts are sent out promptly. Heads of Service have a responsibility to assist the Head of Central Services and Head of Communities in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

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2.17 To ensure a record of every transfer of money between employees of the Council is kept. The receiving officer must sign for the transfer and the transferor must retain a copy.

2.18 To write-off debts up to an approved limit in each case and to refer larger sums to the Head of Central Services and to keep a record of all sums written-off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing-off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

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2.19 To notify the Head of Central Services of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Head of Central Services and not later than 30 April.

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ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

2.20 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve Best Value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

General

2.21 Every officer and member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.

2.22 Official orders must be in a form approved by the Head of Central Services. Official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Head of Central Services.

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2.23 Apart from petty cash and other payments from imprest accounts, the normal method of payment from the Council shall be by cheque or BACS or other instrument or approved method, drawn on the Council's bank account by the Head of Central Services. The use of direct debit shall require the prior agreement of the Head of Central Services.

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2.24 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

Key Controls

- 2.25 The key controls for ordering and paying for work, goods and services are:
- (a) all goods and services are ordered only by appropriate persons and are correctly recorded
 - (b) all goods and services shall be ordered in accordance with any guidelines or procedures established for the purpose and the Contract Procedure Rules where these are applicable
 - (c) goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order
 - (d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards
 - (e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
 - (f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the good practice and any statutory requirements
 - (g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected as soon as possible
 - (h) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

(i) contract payments are recorded in the Contracts Register

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Responsibilities of the Head of Central Services

- 2.26 To ensure that all the Council's financial systems and procedures are sound and properly administered.
- 2.27 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 2.28 To approve the form of official orders and associated terms and conditions in consultation with the Solicitor to the Council.
- 2.29 To make payments from the Council's funds on the Directors' authorisation, or on the authorisation of a person appointed by the Director to act on his/her behalf, that the expenditure has been duly incurred in accordance with financial procedure rules.
- 2.30 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a Court order.

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- 2.31 To make payments to contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 2.32 To provide advice and encouragement on making payments by the most economical means.
- 2.33 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Responsibilities of Directors/Heads of Service

- 2.34 To ensure that unique pre-numbered official orders are used for all goods and services, other than the exceptions specified in paragraph 2.22.
- 2.35 To ensure that orders are only used for goods and services for the provision of Council's services. Individuals must not use official orders to obtain goods or services for their private use.
- 2.36 To ensure that only those staff authorised sign requisitions and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the requisition should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained or tenders have been obtained if necessary. Best Value principles should underpin the Council's approach to procurement. Value for money should always be achieved.
- 2.37 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- 2.38 Payment shall only be made on receipt of bona fide invoices, a goods received note duly certified, or on requisitions for payment in appropriate cases prepared and certified by Directors or such other officers as delegated by them.

2.39 All payments related to contracts are recorded as appropriate in the Contracts Register in line with procedures issued by the Head of Central Services

~~2.40~~ The certification of an amount on an invoice by or on behalf of the Director of a department shall mean:

- (a) that the materials have been supplied, the work performed or the services rendered and that they are satisfactory as to quality and correct as to quantity;
- (b) that the price is in accordance with the quotation, contract, agreement or current market value, whichever is applicable;

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- (c) that the account is allocated to the correct expenditure heading and is within the amount provided for that purpose;
- (d) that the expenditure has been properly incurred and that where necessary committee approval has been obtained;
- (e) that the price, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- (f) that the account has not been previously passed for payment and is a proper liability of the Council.

2.41 The certification of a goods received note by or on behalf of the director shall mean:

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- (a) that the materials have been supplied, the work performed or the services rendered and that they are satisfactory as to quality and correct as to quantity;
- (b) that the expenditure has been properly incurred and that where necessary committee approval has been obtained.

2.42 Duly certified accounts and goods received notes shall be passed without delay to the Head of Central Services who shall examine them to the extent that he/she considers necessary, for which purpose he/she shall be entitled to make such enquiries and to receive such information and explanations as he/she may require.

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2.43 Any amendment to an invoice shall be made in ink and initialled by the officer making it, stating briefly the reason where it is not self evident.

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2.44 To ensure that at least two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.

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2.45 To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Head of Central Services.

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2.46 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to Internal Audit.

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2.47 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Head of Central Services.

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2.48 To ensure that the department obtains Best Value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, which are in line with Best Value principles and the Contract Procedure Rules as applicable.

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2.49 Where appropriate, to put purchases out to competitive quotation or tender.
These will comply with the Contract Procedure Rules.

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2.50 To ensure that employees are aware of the National Code of Conduct for local government employees.

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2.51 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Head of Central Services. This is to protect the Council against entering into unapproved credit arrangements and to ensure that value for money is being obtained.

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2.52 To notify the Head of Central Services of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Head of Central Services and, in any case, not later than 30 April.

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2.53 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Head of Central Services the systems and procedures to be adopted in relation to financial aspects, including certification on interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub-contractors' tax status.

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2.54 To notify the Head of Central Services immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

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2.55 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with good practice and any statutory requirements.

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USE OF CREDIT AND PROCUREMENT CARDS

2.56 General

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All staff proposing to use a credit or procurement card must obtain approval from the Head of Central Services (HCS) to be an authorised user.

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The following will apply to all cards issued:

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- (a) The account will be in the name of Melton Borough Council with the authorised member of staff as the named user.
- (b) All authorised staff must complete and sign a card agreement to confirm that they accept the terms and conditions of the use, prior to using the card.
- (c) All cards must have an agreed spending limit and a set expiry date not exceeding two years.
- (d) Records and receipts must be retained to support all transactions.

- (e) Statements must be requested on a monthly basis, reconciled to a record of purchases made and submitted to Financial Services within 14 days of receipt.

2.57 Responsibility of the Head of Central Services

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The HCS will act as the Credit/Procurement Card Controller.

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Liaise with the relevant officer to determine an upper spending limit for the card.

The HCS should be notified and maintain a log of the following details of all cards:

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- (a) Card number
- (b) Authorised user
- (c) Valid/expiry dates of the card
- (d) Card limits
- (e) Copy of signed agreement.

Verify accuracy and completeness of reconciliation of monthly statements to receipts as submitted by the authorised officer.

Request investigation into any significant issues that has a financial implication for the Council.

Establish a system for reviewing limits on cards, up or down or cancelling a card where the limit has been exceeded on more than one occasion. All changes to card limits etc. must be authorised.

Request/implement a spending freeze on all lost or stolen cards.

2.58 Responsibility of the Authorised User

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Maintain a record of all card purchases.

Reconcile the monthly statement to the purchase record.

Attach copies of the statement and reconciliation to the purchase record and forward for certification to the Head of Service.

Ensure safe custody of the card at all times.

Ensure via close monitoring that spending does not exceed the card's agreed limit.

Sign a card agreement accepting to adhere to the Council's terms and conditions of use.

Notify HCS in writing immediately the card is lost or stolen.

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Individual cardholder statements will be sent to Financial Services on a monthly basis.

On receipt, statements will be despatched to cardholders, for assessment, coding and authorisation.

On receipt, Service Departments should verify and authorise all entries against invoices, receipts and supplier statements.

All invoices, receipts and supplier statements must show any VAT payable separately. If in doubt, always ask for a VAT receipt/invoice/statement.

A payment slip(s) should be completed, detailing the appropriate general ledger codes to be used for processing.

All relevant paperwork to accompany Card statements should be forwarded to Financial Services within 14 days of receipt, for posting to the Financial Management System.

PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

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

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Key Controls

2.6.1 The key controls for payments to employees and Members are:

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- (a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - enhancementsand that payments are made in accordance with contracts of employment and where applicable on the basis of timesheets or claims
- (b) frequent reconciliation of payroll expenditure against approved budget and bank account
- (c) all appropriate payroll documents are retained and stored for the defined period in accordance with good practice and any statutory requirements
- (d) that Inland Revenue regulations are complied with.

Responsibilities of the Head of Central Services

- 2.62 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedure prescribed by him or her, on the due date.
- 2.63 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 2.64 To make arrangements for payment of all travel and subsistence claims or financial loss allowance. To approve the payment of urgent/emergency out of pocket expenses to staff where deemed appropriate. Where evidence is not provided by the service area within 1 week of the employee's return to work to consider if this should be recovered through the payroll system until such evidence is provided.
- 2.65 To make arrangements for paying Members' travel and other allowances upon receiving the prescribed form duly completed and authorised.
- 2.66 To provide advice and encouragement to secure payment of salaries and wages by the most economical means.
- 2.67 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

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Responsibilities of Directors/Heads of Service

- 2.68 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 2.69 To notify the Head of Central Services of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Head of Central Services.
- 2.70 To ensure that adequate and effective systems and procedures are operated, so that:
- (a) payments are only authorised to bona fide employees
 - (b) payments are only made where there is a valid entitlement
 - (c) conditions and contracts of employment are correctly applied
 - (d) employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 2.71 To maintain and provide the Head of Central Services with an up-to-date list of the names of officers (together with specimen signatures) authorised to sign timesheets and other personnel documents.
- 2.72 To ensure that payroll transactions are processed only through the payroll system. Careful consideration should be given to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Head of Central Services.

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2.73 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Head of Central Services should be consulted where appropriate.

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2.74 To ensure any urgent/emergency payments approved by the Head of Central Services are evidenced and certified within 1 week of an employees return to work.

2.75 To ensure that the Head of Central Services is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

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2.76 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the best practice and any statutory requirements.

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Responsibilities of Members

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

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3. TAXATION

Why is this important?

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

Key Controls

3.2 The key controls for taxation are:

- (a) budget holders are provided with relevant information and kept up-to-date on tax issues
- (b) budget holders are instructed on required record keeping
- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Head of Central Services

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3.3 To complete all Inland Revenue returns including PAYE.

3.4 To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.

3.5 To provide details to the Inland Revenue regarding the construction industry tax deduction scheme.

- 3.6 To maintain up-to-date guidance for Council employees on taxation issues in the budget and VAT manuals.

Responsibilities of Directors/Heads of Service

- 3.7 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.
- 3.8 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 3.9 To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised employment agency.
- 3.10 The Chief Executive, Directors and Heads of Service should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Head of Central Services
- 3.11 To follow the guidance on taxation issued by the Head of Central Services in the Council's budget and VAT manuals.

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4. TRADING ACCOUNTS AND BUSINESS UNITS

Why is this important?

- 4.1 Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under Best Value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the Statement of Accounts.

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Responsibilities of the Head of Central Services

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- 4.2 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Directors/Managers

- 4.3 To consult with the Head of Central Services where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- 4.4 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is

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credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.

- 4.5 To ensure that the same accounting principles are applied in relation to trading accounts or business units as for other services.
- 4.6 To ensure that each business unit prepares an annual business plan.

SECTION 4 – RISK MANAGEMENT AND CONTROL OF RESOURCES

1. RISK MANAGEMENT

Why is this important?

- 1.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.2 It is the overall responsibility of the Overview, Scrutiny and Audit Committee to approve the Council's Risk Management Strategy, and to promote a culture of risk management awareness throughout the Council.

Deleted: Policy, Finance and Administration

Deleted: and

Key Controls

- 1.3 The key controls for risk management are:
- (a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council.
 - (b) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
 - (c) Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
 - (d) Provision is made for losses that might result from the risks that remain.
 - (e) Procedures are in place to investigate claims within required timescales.
 - (f) Acceptable levels of risk are determined and insured against where appropriate.
 - (g) The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

- 1.4 To prepare and promote the Council's Risk Management Policy Statement.
- 1.5 To develop risk management controls in conjunction with other Heads of Service.

- 1.6 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance policy.
- 1.7 To effect appropriate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of Directors/Heads of Service

- | | | |
|------|---|-------------------------------------|
| 1.8 | To notify the <u>Head of Central Services</u> immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the <u>Head of Central Services</u> or the Council's insurers. | Deleted: Head of Financial Services |
| | | Deleted: Head of Financial Services |
| 1.9 | To take responsibility for risk management, <u>in line with the Risk Management Strategy Policy</u> , having regard to advice from the <u>Head of Central Services</u> and other specialist officers (e.g. crime prevention, fire prevention, health and safety). | Deleted: Head of Financial Services |
| 1.10 | To ensure that there are regular reviews of risk within their departments. | |
| 1.11 | To notify the <u>Head of Central Services</u> promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances. | Deleted: Head of Financial Services |
| 1.12 | To consult the <u>Head of Central Services</u> and the <u>Solicitor to the Council</u> on the terms of any indemnity that the Council is requested to give. | Deleted: Head of Financial Services |
| | | Deleted: Head of Legal Services |
| 1.13 | To ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. | |

2. INTERNAL CONTROLS

- 2.1 The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 2.2 The Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 2.4 The system of internal controls is established in order to provide measurable achievement of:
 - (a) efficient and effective operations
 - (b) reliable financial information and reporting

- (c) compliance with laws and regulations
- (d) risk management
- (e) protection of asset.

Key Controls

2.5 The key controls and control objectives for internal control systems are:

- (a) key controls should be reviewed on a regular basis and the Council should be satisfied that the systems of internal control are operating effectively
- (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*, as interpreted by CIPFA's *Code of Practice for Internal Audit in Local Government in the United Kingdom* and with any other statutory obligations and regulations.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

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

Responsibilities of Directors/Heads of Service

2.7 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

2.8 To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Head of Central Services. Directors should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

Deleted: Head of Financial Services

2.9 To ensure staff have a clear understanding of the consequences of lack of control.

3. AUDIT REQUIREMENTS

INTERNAL AUDIT

Why is this important?

- 3.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 1996 (SI 1996/590), regulation 5, more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems”.
- 3.2 Accordingly, internal audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Key Controls

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

Responsibilities of the Head of Central Services in liaison with Internal Audit.

Deleted: Head of Financial Services

- 3.4 The provision of an effective and efficient internal audit function.
- 3.5 To ensure that internal auditors have the authority to:
- (a) access Council premises at reasonable times
 - (b) access all assets, records, documents, correspondence and control systems
 - (c) receive any information and explanation considered necessary concerning any matter under consideration
 - (d) require any employee of the Council to account for cash, stores or any other authority asset under his or her control
 - (e) access records belonging to third parties, such as contractors, when required

(f) directly access the Head of Paid Service, the Policy, Finance and Administration Committee and the Overview, Scrutiny and Audit Committee.

3.6 To approve, following consultation with the Management Team, the strategic and annual audit plans prepared by the Internal Audit, which take account of the characteristics and relative risks of the activities involved.

3.7 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of Directors/Heads of Service

3.8 To notify the Head of Central Services immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the director/head of service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

Deleted: Head of Financial Services

3.9 To ensure that new systems, are discussed with and agreed by Internal Audit prior to implementation.

EXTERNAL AUDIT

Why is this important?

3.10 The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.

3.11 The basic duties of the External Auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The Code of Audit Practice issued in March 2000 sets out the Auditor's objectives to review and report upon:

- (a) the financial aspects of the audited body's corporate governance arrangements
- (b) the audited body's financial statements
- (c) aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified information and compliance in respect of the preparation and publication of the Best Value Performance Plan.

3.12 The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

Key Controls

3.13 The key control for external audit is:

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

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

3.14 To ensure that External Auditors are given access at all reasonable times to premises, personnel, documents and assets that the External Auditors consider necessary for the purposes of their work.

3.15 In conjunction with Internal Audit to ensure there is effective liaison between External and Internal Audit.

3.16 To work with the External Auditor and advise the Council, Policy, Finance and Administration Committee, Directors and Heads of Service on their responsibilities in relation to external audit.

Responsibilities of Directors/Heads of Service

3.17 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

3.18 To ensure that all records and systems are up to date and available for inspection.

4. PREVENTING FRAUD AND CORRUPTION

Why is it this important?

4.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.

4.2 The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

4.3 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

Key Controls

4.4 The key controls regarding the prevention of financial irregularities are that:

- (a) the Council has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption
- (b) all Members and staff act with integrity and lead by example
- (c) senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt
- (d) high standards of conduct are promoted amongst members by the Standards Committee
- (e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded
- (f) whistle blowing procedures are in place and operate effectively
- (g) legislation including the Public Interest Disclosure Act 1998 is adhered to.

Responsibilities of the Head of Central Services in conjunction with Internal Audit.

Deleted: Head of Financial Services

- 4.5 To develop and maintain an anti-fraud and corruption policy.
- 4.6 To maintain adequate and effective internal control arrangements.
- 4.7 To ensure that all suspected irregularities are reported in accordance with the procedures set out in the Anti-Fraud and Corruption Response Plan.

Responsibilities of Directors/Heads of Service

- 4.8 To ensure that all suspected irregularities are reported to the Internal Audit and Performance Officer.
- 4.9 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 4.10 To ensure that where financial impropriety is discovered, the Head of Central Services is informed without delay.

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5. ASSETS

SECURITY

Why is this important?

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

Key Controls

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

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

- 5.3 To ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the Council with information about fixed assets so that they are:
- safeguarded
 - used efficiently and effectively
 - adequately maintained
- 5.4 To receive the information required for accounting, costing and financial records from each director.
- 5.5 To ensure that assets are valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended practice* (CIPFA/LASAAC).

Responsibilities of Directors/Heads of Service

- 5.6 The appropriate director shall maintain a property database (asset register) in a form approved by the Head of Central Services for all properties, plant and machinery and moveable assets currently owned or used by the Council. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 5.7 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in

Deleted: Head of Financial Services

a form approved by the director in consultation with the Solicitor to the Council has been established as appropriate.

Deleted: Head of Legal Services

5.8 To ensure the proper security of all buildings and other assets under their control.

5.9 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a report by the director to the Policy, Finance and Administration Committee after consultation with the Head of Central Services and the Solicitor to the Council.

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Deleted: Head of Legal Services

5.10 To pass Title Deeds to the Solicitor of the Council who is responsible for custody of all Title Deeds.

5.11 To ensure that no Council asset is subject to personal use by an employee without proper authority.

5.12 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.

5.13 To ensure that the department maintains a register of moveable assets in accordance with arrangements defined by the Head of Central Services.

Deleted: Head of Financial Services

5.14 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.

5.15 To consult the Head of Central Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Deleted: Head of Financial Services

5.16 To ensure cash holdings on premises are kept to a minimum.

5.17 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Head of Central Services as soon as possible.

Deleted: Head of Financial Services

5.18 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Head of Central Services, the Policy, Finance and Administration Committee agrees otherwise.

Deleted: Head of Financial Services

5.19 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Head of Central Services.

Deleted: Head of Financial Services

5.20 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

INVENTORIES

Why is it important?

5.21 To safeguard the Council's assets and ensure that proper records are kept of all of the Council's assets. Assets included in the inventory are generally those of a relatively low value, are moveable and have not been included in the Asset Register.

Key Controls

5.22 The key controls for the maintenance of inventories are:

- (a) inventories are maintained in the prescribed format
- (b) acquisitions and disposals are recorded at the time the event occurs
- (c) a physical check against the inventory is made at least once in any twelve month period.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

5.23 To prescribe the format and method for maintaining inventories.

5.24 To ensure inventories are maintained and are up to date.

5.25 To ensure items are included on the Council's insurance policies where appropriate.

Responsibilities of Directors/Heads of Service

5.26 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £50 in value for any single item in the manner prescribed by the Head of Central Services.

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Deleted: Head of Financial Services

5.27 To carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.

5.28 To make sure that property is only used in the course of the Council's business, unless the director concerned has given permission otherwise.

STOCKS AND STORES

Why is this important?

5.29 To ensure stock and stores which are held by the Council are only used for the purpose of providing Council services, that they are safeguarded from theft or misappropriate and are maintained at reasonable levels.

Key Controls

5.30 The key controls for stocks and stores are:

- (a) stock records are maintained in prescribed format
- (b) stock levels are set at appropriate levels

- (c) a regular independent physical check is carried out
- (d) adequate physical security is provided for stock and stores whilst awaiting use
- (e) processes are in place to deal with discrepancies and the disposal of surplus of obsolete stock.

Responsibilities of Head of Central Services

Deleted: Head of Financial Services

- 5.31 To provide the format and method for maintaining records of stocks and stores.
- 5.32 To review from time to time the adequacy and frequency of stock checks.
- 5.33 To maintain appropriate accounting records and to obtain at the year end a certificate from the responsible officer of the value of stock held.

Responsibilities of Directors/Heads of Service

- 5.34 To make arrangements for the care and custody of stocks and stores in the department.
- 5.35 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 5.36 To investigate and remove from the Council's records (i.e. write-off) discrepancies as necessary, or to obtain approval if they are in excess of a predetermined limit.
- 5.37 To authorise or write-off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the Head of Central Services, the Chief Executive decides otherwise in a particular case.
- 5.38 To seek approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.

Deleted: Head of Financial Services

INTELLECTUAL PROPERTY

Why is this important?

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

Key Controls

5.41 The key control for intellectual property is:

- (a) in the event that the Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Council's approved intellectual property procedures.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

5.42 To develop and disseminate good practice through the Council's intellectual property procedures.

Responsibilities of Directors/Managers

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

ASSET DISPOSAL

Why is this important?

5.44 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Council.

Key Controls

5.45 The key controls for asset disposal are:

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

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

5.46 To issue guidelines representing best practice for disposal of assets.

5.47 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

Responsibilities of Directors/Heads of Service

5.48 To seek advice on the disposal of surplus or obsolete materials, stores or equipment as necessary.

5.49 To dispose of surplus assets in accordance with any guidelines on best practice issued by the Head of Central Services.

Deleted: Head of Financial Services

5.50 To ensure that income received for the disposal of an asset is properly banked and coded.

5.51 To ensure that the Asset Register or inventory is updated following a disposal.

6. TREASURY MANAGEMENT

Why is this important?

6.1 Many millions of pounds pass through the Council's books each year. This led to the establishment of Codes of Practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

Key Controls

6.2 The key controls for treasury management are:

- (a) that the authority's borrowings and investments comply with the CIPFA *Code of Practice on Treasury Management*, with the Council's Treasury Policy Statement and Treasury Management Practices.
- (b) to report on treasury management activities to the Policy, Finance and Administration Committee on a regular basis
- (c) the Treasury Management Strategy and policies are scrutinised by the Budget and Strategic Planning Working Group on a regular basis.
- (d) to operate bank accounts as are considered necessary.

Responsibilities of Directors/Heads of Service – Treasury Management and Banking

6.3 To follow the instructions on banking issued by the Head of Central Services.

Deleted: Head of Financial Services

Responsibilities of the Head of Central Services – Investments and Borrowing

Deleted: Head of Financial Services

6.4 To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by the Policy, Finance and Administration Committee.

6.5 To ensure that all securities that are the property of the Council or its nominees and the Title Deeds of all property in the Council's ownership are held in the custody of the Solicitor to the Council.

Deleted: Head of Legal Services

6.6 To effect all borrowing in the name of the Council.

6.7 To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

Responsibilities of Directors/Heads of Service – Investments and Borrowing

- 6.8 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Policy, Finance and Administration Committee following consultation with the Head of Central Services.

Deleted: Head of Financial Services

Responsibilities of Directors/Heads of Service – Trust Funds and Funds held for Third Parties

- 6.9 To arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Solicitor to the Council unless the deed otherwise provides.

Deleted: Head of Legal Services

- 6.10 To arrange, where funds are held on behalf of third parties, for their secure administration, such arrangements to be approved by the Head of Central Services and to maintain written records of all transactions.

Deleted: Head of Financial Services

- 6.11 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Deleted: Head of Financial Services

Responsibilities of the Head of Central Services – Imprest Accounts

- 6.12 To provide employees of the Council with cash, bank imprest or credit card accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 6.13 To determine the imprest account limits and to ensure records of all transactions on imprest accounts are maintained and periodically to review the arrangements for the safe custody and control of these imprest accounts.
- 6.14 To reimburse imprest holders as often as is necessary to restore the imprests, but normally not more than monthly.

Responsibilities of Directors/Heads of Service – Imprest Accounts

- 6.15 To ensure that employees operating an imprest account:
- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
 - (b) make adequate arrangements for the safe custody of the account
 - (c) produce upon demand by the Head of Central Services cash and all vouchers to the total value of the imprest account
 - (d) record transactions promptly
 - (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder

Deleted: Head of Financial Services

(f) provide the Head of Central Services with a certificate of the value of the account held at 31 March each year

Deleted: Head of Financial Services

(g) ensure that the imprest is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the imprest and change relating to purchases where an advance has been made

(h) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Head of Central Services for the amount advanced to him or her.

Deleted: Head of Financial Services

7. STAFFING

Why is this important?

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

Key Controls

7.2 The key controls for staffing are:

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

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

7.3 To ensure that budget provision exists for all existing and new employees.

7.4 To act as an advisor to directors on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of Directors/Heads of Service

7.5 To produce an annual staffing budget.

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

7.7 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

- 7.8 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 7.9 To ensure that the Assistant Chief Executive and the Head of Financial Services are immediately informed if the staffing budget is likely to be materially over or underspent.

SECTION 5 – EXTERNAL ARRANGEMENTS

1. PARTNERSHIPS

Why is this important?

- 1.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.
- 1.2 Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

General

- 1.3 The main reasons for entering into a partnership are:
- (a) the desire to find new ways to share risk
 - (b) the ability to access new resources
 - (c) to provide new and better ways of delivering services
 - (d) to forge new relationships.
- 1.4 A partner is defined as either:
- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project, or
 - (b) a body whose nature or status give it a right or obligation to support the project.
- 1.5 Partners participate in projects by:
- (a) acting as a project deliverer or sponsor, solely or in concert with others
 - (b) acting as a project funder or part funder
 - (c) being the beneficiary group of the activity undertaken in a project.
- 1.6 Partners have common responsibilities:
- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - (c) be open about any conflict of interests that might arise

- (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
- (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- (f) to act wherever possible as ambassadors for the project.

Key Controls

1.7 The key controls for external partners are:

- (a) if appropriate, to be aware of their responsibilities under the Council's Financial and Contract Procedure Rules
- (b) to ensure that risk management processes are in place to identify and assess all known risks
- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Head of Central Services

Deleted: Head of Financial Services

1.8 To advise on effective controls that will ensure that resources are not wasted.

1.9 To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements.

1.10 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Directors/Managers

1.11 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Head of Central Services.

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1.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared.

1.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.

1.14 To ensure that all agreements and arrangements are properly documented.

1.15 To provide appropriate information to the Head of Central Services to enable a note to be entered into the Council's statement of accounts concerning material items.

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2. EXTERNAL FUNDING

Why is this important?

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

Key Controls

2.2 The key controls for external funding are:

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

Responsibilities of the Head of Central Services

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2.3 To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.

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

2.5 To ensure that audit requirements are met.

Responsibilities of Directors/Managers

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

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

3. WORK FOR THIRD PARTIES

Why is this important?

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

Key Controls

3.2 The key controls for working with third parties are:

- (a) to ensure that proposals are costed properly in accordance with any guidance provided by the Head of Central Services
- (b) to ensure that contracts are drawn up using any guidance provided by the Solicitor to the Council and that formal approval is sought when amounts are significant
- (c) maintenance of proper financial records of all transactions with third parties.

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3.3 To ensure that, wherever possible, payment is received in advance of the delivery of the service.

3.4 To ensure that the department/unit has the appropriate expertise to undertake the contract.

3.5 To ensure that such contracts do not impact adversely upon the services provided for the Council.

3.6 To ensure that following consultation with the Solicitor to the Council all contracts are properly documented.

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3.7 To provide appropriate information to the Head of Central Services to enable a note to be entered into the statement of accounts.

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MELTON BOROUGH COUNCIL

CONTRACT PROCEDURE RULES

Issue Date: 17 October 2007

Approved by the Melton Borough Council on 17 October 2007

Where the Council is procuring through the Welland Procurement Unit, there is no further requirement to seek alternative quotes and tenders.

The Contract Procedure Rules for the lead authority adopted by the Welland Executive Panel (joint committee) for a procurement will be applied by the Welland Procurement Unit.

Glossary of Defined Terms

Approved Contract	A Contract that has been created in accordance with the Contract Procedure Rules for call off or use by the Council. A list of contracts can be found on the Contracts Database.
Approved Standard Terms	The terms and conditions for use in contracts as agreed by an appropriate legal officer. These terms may need to be supplemented for specific contracts.
Authorised Officer	The Officer referred to in these Contract Procedure Rules as having authority to award a contract (see 3.11)
Buyer Profile	A database, accessible by potential suppliers through the internet, listing the council's proposed, current and concluded contracts with a value of over £50,000.
Call Off	A specific requirement which can be satisfied under the terms of a Framework Agreement, and which invokes the terms of that Framework Agreement to form a contract
Central Purchasing Body	A Contracting Authority which— (a) acquires goods or services intended for one or more contracting authorities; (b) awards public contracts intended for one or more contracting authorities; or (c) concludes framework agreements for work, works, goods or services intended for one or more contracting authorities
Code of Conduct	The code regulating conduct of Officers contained within the Council's Constitution.
Contracting Authority	The public sector or other entity which lets and manages a contract for its own use and / or for the use of other entities
Contracts Database	The record of contracts held by the Council or by the Welland Procurement Unit on its behalf.
Contract Procedure Rules	These Rules which are approved by Council and which govern all officers and agents or consultants working on their behalf in the conduct of procurement activity.
Council's Procurement Strategy	Defines the overall approach to procurement related activity for the Council
Engagement of Consultants	Any use of professional help in supporting deliverables.
EU Procurement Directive	Regulations which are given the force of law in the UK through The Public Contracts Regulations 2006 and any successor regulations which specify in detail the procedures by which public bodies shall undertake their procurements

EU Threshold	<p>The threshold value at which EU Procurement Directive must be applied if expected to be exceeded by the <i>Total Value</i>.</p> <p>The thresholds are: £ 156,442 for the supply of goods or services, and £3,927,260 for building and engineering works contracts.</p> <p>These figures apply up to 31 December 2010, and will then be revised. The thresholds are revised every two years.</p>
Financial Health Check	A financial risk assessment of the finances of company, parent or group of organisations in order to establish their liquidity, profitability, stability and capability to support a contract of the value required.
Financial Procedure Rules	The Financial Procedure Rules as approved by the full Council.
Framework Agreement	An agreement where the overall terms and conditions are agreed, but a contract is only formed in accordance with those terms and conditions when a Call Off of a specific requirement is made.
Goods	Goods which are covered by the EU Procurement Directive if they meet the relevant value threshold
Industry Standard Terms	Specific terms or conditions which are relevant only to the goods or service being purchased, or the industry sector or market within which the contract will operate.
Invitation to Tender	Invitation to tender documents in the form required by Contract Procedure Rules.
Management Team	Consists of the Chief Executive, Strategic Directors, and Heads of Service, which meet together as a decision making body.
The Officer	The Officer responsible for undertaking a purchase (see section (1.4)
OJEU Notice	Notice (advertisement) posted in the Official Journal of the European Union. Includes a Prior Information Notice, a Tender Notice or an Award Notice.
Parent Company Guarantee	A contract which binds the parent of a subsidiary company as follows: If the subsidiary company fails to do what it has promised under a contract with the Council, they can require the parent company to do so instead.
Performance Bond	An insurance policy: if the contractor does not do what it has promised under a contract with the Council, the Council can claim from the insurer the sum of money specified in the Bond (often 10% of the contract value). A Bond is intended to protect the Council against a level of cost arising from the contractor's failure.
Pre-determined objective selection criteria	The factors that will be assessed as part of the selection for tender short listing or final evaluation. These are normally backed up by a scoring mechanism and guidelines to enable an objective assessment.

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Purchasing Cards	A Purchasing Card is designed for the purchase of low value goods and services. Procedures for the use of Purchasing Cards will be published in the Financial procedure Rules.
Services	Services which are described in Schedule 3 of the EU Procurement Directive as being either Part A, to which the full Directive applies if they meet the relevant value threshold; or Schedule B, to which much lighter requirements apply
Tenderers	Organisations who have been invited to submit a tender to the authority.
Total Value	<p>The whole of the value or estimated value (in money or equivalent value) for a group of similar commodities or services :</p> <ul style="list-style-type: none"> • whether or not it comprises several lots or stages across the Council as a whole • whether or not it is to be paid or received by the Council. <p>The <i>Total Value</i> shall be calculated as follows:</p> <ol style="list-style-type: none"> (a) where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period; (b) where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 12 months; (c) where the contract is for a duration which cannot be determined, by multiplying the monthly payment by 48; (d) for feasibility studies: the value of the scheme or contracts which may be awarded as a result; (e) for nominated suppliers and sub-contractors: the <i>Total Value</i> shall be the value of that part of the main contract to be fulfilled by the nominated supplier or sub-contractor. (f) where an in house service provider is involved, by taking into account redundancy and similar/associated costs.
Welland Procurement Unit	The Welland Procurement Unit (WPU) is the procurement service shared by this council and by other councils of the Welland Partnership. The WPU issues guidance and offers assistance on procurement matters to all participating councils. (See 1.4)
Works Contracts	Contracts let by public authorities for civil engineering and building works and works concession contracts.
Written Quotation	Must be in letter, fax or email and must be addressed personally, contain pricing information and delivery details Printouts of catalogues are not written quotations

Contract Procedure Rules

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RULE 1 – INTRODUCTION AND PURPOSE

1.1 Primary Objectives

The Contract Procedure Rules set out the regulations which must be followed by the Council when it procures *goods, services and works*.

The rules have four primary objectives:

- (a) To ensure that the Council obtains value for money and fulfils the duty of achieving best value as defined in Section 3 of the Local Government Act 2003.
- (b) To ensure that the Council complies with English law and European law in force in England that governs the procurement of goods, services and works.
- (c) To establish tendering procedures which when followed should protect members and officers of the Council from any allegation of acting unfairly or unlawfully which may be made in connection with any procurement by the Council of goods, services, or works.
- (d) To ensure that any risks associated with entering into the contract are assessed as part of the procurement process
- (e) A detailed best practice guide supplements these Contract Procedure Rules (see the Melton Q drive, Procurement)

1.2 Scope of Contract Procedure Rules

1.2.1. These rules apply to all procurement by the Council unless any such procurement is expressly excepted under these Rules, or subject to an exemption.

1.2.2. The rules apply to all procurement activity including:

- (a) *Spot/Defined Contracts* that are for a defined requirement for a firm price.
- (b) *Framework Agreements* where the overall terms are agreed but the contract will only be formed when the specific requirement is called off.
- (c) *Works Contracts* where contracts are let by public authorities for civil engineering and building works and works concession contracts
- (d) *The engagement of Consultants*

1.2.3. If there is any change to English law or European law in force in England which affects these rules then that change must be observed until these rules can be revised. If these rules conflict in any way with English law or European law in force in England then that legislation or case law takes precedence and the monitoring officer's advice should be sought.

1.2.4. The officers authorised to award contracts on behalf of the Council will have delegated powers issued through the Council's Constitution.

1.3 Exemptions and Exceptions

1.3.1. Unless a Contract falls within the list of general exceptions set out in Appendix A it can only be exempted from these Rules ('an Exemption') in accordance with these Rules.

1.3.2. The Council may consider a request for an exemption to these contract procedure rules in exceptional circumstances. The Council has no power to vary or exempt the requirements of EU legislation or English law.

1.3.3. An 'Exemption Request Form' can be found at Appendix B and when an Exemption is sought this must be submitted to the Solicitor to the Council and Head of Central Services.

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1.3.4. Finance and Legal Services will ensure that a decision on a request for an Exemption is made within 5 working days of receipt of the relevant Form.

1.3.5. Requests for Exemptions will either be approved or rejected by the Solicitor to the Council or referred to the Management Team for determination.

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1.3.6. If the Exemption is approved, the application form will be endorsed and returned to the relevant department with a copy retained by Legal Services.

1.4 Officer Responsibilities

1.4.1. The officer responsible for purchasing ("the Officer") must comply with these Rules, the *Financial Procedure Rules* and all UK and European Legislation in force in England.

1.4.2. The officer must also ensure that agents acting on their behalf also comply with this requirement.

1.4.3. The officer responsible for the contract must comply with the Council *Code of Conduct* and must not invite or accept any gift or reward in respect of the award or performance of any contract.

1.4.4 The Welland Procurement Unit (WPU) is the procurement service shared by this council and other councils admitted by the Welland Partnership Joint Committee. The WPU issues guidance and offers assistance on procurement matters to all the participating councils.

1.4.5 The officer must have regard to current guidance provided by the Welland Procurement Unit and the principles of the *Council's Procurement Strategy*.

- 1.4.6. The Officer must establish if an existing *approved contract* exists before seeking to let another contract. This contract must be used unless there is an overriding reason why not, that must be approved by the Welland Procurement Unit.
- 1.4.7 Where the Council is procuring through the Welland Procurement Unit, there is no further requirement to seek alternative quotes and tenders. The Contract Procedure Rules for the lead authority adopted by the Welland Executive Panel / Joint Committee for a procurement will be applied by the Welland Procurement Unit.
- 1.4.8 The Officer must consult with the Welland Procurement Unit prior to commencing any tendering activity where the contract value may be greater than the *EU Threshold*.
- 1.4.9 The Welland Procurement Unit must ensure that when any employee may be affected by any transfer arrangement, the relevant issues are considered, including Transfer of Undertaking Protection of Employment (TUPE), and that appropriate Legal/HR advice is obtained before proceeding with inviting tenders or quotations.
- 1.4.10 If the Head of the Welland Procurement Unit is not available to provide advice for any reason, in respect of 1.4, then this should be referred to the Head of Central Services and Solicitor to the Council.

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1.5 Consultants

- 1.5.1 An authorised officer may only appoint external consultants or advisors providing professional or consulting services if such services are not available within the Council or if Council officers providing them do not have the resources to meet the needs of the service. Where such services are available in-house, the authorised officer must consult with a Strategic Director or the Head of Service before taking any decision to make an external appointment.
- 1.5.2 The appointment of external consultants and advisors shall be undertaken in accordance with the relevant sections of the Welland Procurement Guidance.
- 1.5.3 External consultants and technical officers engaged to supervise contracts must follow these Rules as applicable and their contracts for services must state this requirement.
- 1.5.4 All contracts for external consultants and advisors shall explicitly require that the consultants or advisors provide without delay any or all documents and records maintained by them relating to the services provided on request of the authorised officer, and lodge all such documents and records with the appropriate officer at the end of the contract.
- 1.5.5 The authorised officer shall ensure that any consultant working for the Council has appropriate indemnity insurance.

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1.6 Partnership arrangements

- 1.6.1 These Rules apply to any proposal for the Council to become involved in a joint venture or partnership, including the monitoring of any such arrangement. A joint venture or partnership:
- Includes any formal arrangement involving one or more organisations in addition to the Council through which either a specific project or services within any of the functions of the Council are to be provided, and
 - Provides a role for the Council or any of its members or officers in whatever structure is used to deliver the project or services involved (such structures may include, but are not limited to, companies, trusts and management committees).

Joint arrangements

- 1.6.2 Before any consideration is given to the Council entering into a joint venture with the private sector or a strategic service delivery partnership with any external organisation, the Head of Service concerned must submit information detailing the proposed joint venture or partnership to the appropriate authorising officer as determined on a case by case basis. They will give consideration to the proposed joint venture in accordance with these Rules and will ensure that an appropriate Steering Group is convened.
- 1.6.3 Procurement processes for strategic partnerships must include, where relevant:
- The issue of an information memorandum to prospective bidders setting out the background to the project, the Council's objectives and an outline of the procurement process and timetable, with roles and responsibilities made clear.
 - An invitation to bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, including the use of small firms; this should continue to be examined as part of contract management.
 - The inclusion in invitations to tender (or negotiate) for partnerships a requirement on bidders to submit optional, priced proposals for the delivery of specified community benefits which are relevant to the contract and add value to the community strategy.
 - Clear indication of roles and responsibilities, including nomination of the lead authority where appropriate.

RULE 2 – PROCEDURE BY VALUE OF REQUIREMENT

2.1 General Principles

- 2.1.1. Obtaining value for money is an underlying principle, although the complexity of the procurement procedures that must be followed will vary according to the value and risk.
- 2.1.2. The Total Value of the procurement is defined as the total anticipated contract/purchase value and this will be determined by either:

- (a) The total value of the goods, services or works if a one-off purchase;
- (b) The total contract value over the full duration of the contract (not just the annual value). When the duration of the contract cannot by its nature be determined, the value will be the monthly estimated cost x 48;
- (c) For framework agreements with no guaranteed commitment the contract value will be the estimated value of call off's over the full duration of the contract.

2.1.3. A summary of the process and responsibilities can be found at Appendix C.

2.1.4. The Head of Finance must be consulted in advance where the criteria weighting given to price is less than 50%.

2.2 Low Value Transactions (up to £5,000)

2.2.1. Defined as transactions valued at or below £5,000 that cannot be obtained via an existing Approved contract.

2.2.2. Whilst obtaining value for money remains the primary objective, multiple quotations need not be obtained provided compliance with this objective can be demonstrated.

2.2.3. However, a *written quotation* must be obtained for requirements under £5,000 before any order is processed and this must specify:

- (a) The goods, services or works to be supplied;
- (b) Where and when they are to be supplied;
- (c) The value of the transaction;
- (d) The Terms and Conditions including Payment Terms.

2.2.4. In the case of Works the use of pre agreed hourly/day rates is acceptable.

2.3 Intermediate Value Transactions below Formal Tender Threshold (£5,000 to £50,000)

2.3.1. Defined as transactions for goods or services valued at over £5,000 but below £50,000 where the transactions cannot be carried out using an existing Approved Contract.

2.3.2. The criteria for selecting the most advantageous quotation must be established before the written quotations are invited.

2.3.3. At least 3 comparable written quotations must be sought.

2.3.4. If fewer than 3 potential suppliers can be identified, the Authorised Officer must keep a record of the reasons for this.

2.3.5 The Authorised Officer concerned shall maintain suitable records indicating the quotations received and the action taken relating to the selection and invitation of suppliers, the receiving and valuation of quotations and the award of the transaction/works to the successful contractor.

2.4 Call Off from existing Approved Contracts

2.4.1. Where the requirement can be satisfied from an existing Approved Contract then the order will be considered consistent with these rules as long as the call off arrangements defined within the individual contract are followed.

2.5 High Value Transactions (£50,000 to EU threshold)

2.5.1. Defined as transactions for goods, services or works valued at or over the formal tender threshold of £50,000 but below the relevant current EU Threshold.

2.5.2. An appropriate advertising process applies as set out in Rule 3.2.1(c). Advertising in OJEU is not required.

2.5.3 The formal tender process applies as set out in Rule 3

2.6 Requirements over EU Threshold

2.6.1. Defined as intended purchases for goods, services and works valued over the life of the contract at over the EU Threshold, and not subject to exception or exemption under the EU Directive.

2.6.2. Where the anticipated value of the contract exceeds the current EU Threshold (see Glossary of Defined Terms) then the formal advice of the Welland Procurement Unit should be sought prior to any tendering activity commencing. The higher threshold for Works Contracts only applies to the works activities identified in Schedule 2 of the EU Procurement Directive.

2.6.3. The minimum standards to be applied to the selection process must be determined before the OJEU notice is published. This may involve members in determining award criteria at this early stage.

2.6.4. An *OJEU Notice* is required for each EU requirement and will be published centrally by the Welland Procurement Unit in the Official Journal of the European Union (OJEU).

2.6.5. Any tender activity under the EU Procurement Procedures must comply with the detailed requirements of the EU Procurement Directives and associated case law. Guidance is available in the

RULE 3 – COMMON TENDERING PRINCIPLES

3.1 Standing Lists

- 3.1.1. The use of and process for establishing and maintaining standing (approved) lists must be approved by the relevant [Strategic](#) Director or Head of Service, in consultation with the Welland Procurement Unit, prior to the creation of the list.
- 3.1.2. The standing list will normally be created in the form of a framework agreement through the full EU tender process, which includes a pre-qualification questionnaire and the completion of a health and safety audit where appropriate.
- 3.1.3. The list must be maintained continually and be open to new entrants who meet the same evaluation standards as those on the original list. The list must be re-tendered at intervals of no longer than 4 years.

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Mini Tendering via a Standing List

- 3.1.4. Provided the list has been created according to 3.1.2, at least 5 suitably qualified suppliers on the standing list must be invited to submit a mini tender. In the event that fewer than 5 suitably qualified *tenderers* are on the standing list then all the suitably qualified tenderers shall be invited to participate
- 3.1.5. The selection of potential tenderers from the standing list must be made using *pre determined objective selection criteria* that must be documented.
- 3.1.6 The mini tender should proceed according to 3.3, 3.4 and 3.5. No mandatory timescales apply, but reasonable time should be allowed for return of the mini tender.

3.2 Type of Tender:

3.2.1. Open

- (a) The Council publishes a contract notice in the Official Journal of the European Union (OJEU) allowing a minimum of 52 days for return of tender from date of dispatch, or 36 days where a Prior Information Notice (PIN) has been published.
- (b) All suppliers expressing an interest are invited to tender.
- (c) If publication of a notice in OJEU is not required, then the notice shall be published in at least two of the following media: the local newspapers circulating in the district, the Council's website, other websites recognised for offering local government tender opportunities,

appropriate national press, appropriate trade journal; in order to target the market for the particular contract. Two versions of the same medium are acceptable (e.g. two websites). OJEU may still be used on a voluntary basis.

- (d) The advertisement shall contain details of the proposed contract and specify a time limit within which interested parties may express an interest in tendering for the contract.
- (e) The Council shall send any party expressing an interest an Invitation to Tender (ITT) within 6 days of receipt of the expression of interest. The ITT shall specify the date and time for tenders to be received.

3.2.2. **Restricted**

- (a) The Council publishes a contract notice in the Official Journal of the European Union (OJEU) allowing a minimum of 37 days to register an interest from date of dispatch, and 40 days for return of tender from date of dispatch of ITT, or 26 days where a PIN has been published.
- (b) Only those suppliers selected by the Council are invited to tender. Suppliers shall be selected on the basis of pre-published pre-qualification criteria.
- (c) If publication of a notice in the OJEU is not required, the advertising requirements are the same as in the open procedure, except that the notice shall state that a restricted procedure is being used. If the Regulations apply a minimum of five suitably qualified suppliers shall be invited to tender.

3.2.3. **The Negotiated Procedure.**

The Negotiated Procedure has largely been superseded by the Competitive Dialogue process (see 3.2.4) and may only be used in very limited circumstances. These are:

- (a) Where the Open, Restricted or Competitive Dialogue Procedure has been discontinued because of irregular tenders.
- (b) Where the work or works to be carried out are purely for the purposes of research, experimentation or development.
- (c) Where the work or works to be carried out are such or the risks attaching to it are such as not to permit prior overall pricing.
- (d) The absence of tenderers or appropriate tenderers responding to an invitation to tender using the Open or Restricted Procedures.
- (e) Where the works are for technical or artistic reasons or for reasons connected with the protection of exclusive rights which can only be carried out by a particular person or where for reasons of extreme urgency brought about by unforeseen events and the contracting authority cannot comply with the time limits for the Open or Restricted Procedures.
- (f) In addition, a public authority can use a Negotiated Procedure where it is already in contract with a person or company and due to unforeseen

circumstances additional works were not included in the project initially, and for technical or economic reasons cannot be carried out separately from the original contract. This proviso is subject to the additional work not exceeding 50% of the original contract value.

The Officer should confer with the Welland Procurement Unit before commencing a Negotiated Procedure.

3.2.4. Competitive Dialogue

- (a) This is a new procedure, and can be adopted where the contract is complex and the end result which the Council wishes to achieve is known, but it is not known how this might be achieved in terms of financial or legal structure or technical requirements.
- (b) In these circumstances the Council must issue a contract notice specifying that the competitive dialogue procedure will be used and stating the criteria upon which the contract will be awarded. The contract must be awarded on the basis of the Most Economically Advantageous Tender (MEAT).
- (c) The Council then conducts a dialogue with selected suppliers to identify acceptable solutions to meet the authority's requirements. Once acceptable solutions are identified and the authority has declared the dialogue is concluded, suppliers are invited to submit tenders.
- (d) The award criteria must be used to evaluate the tender returns.

3.2.5 Mandatory Timescales

The minimum timescales laid down by the EU Directive for the receipt of requests to participate and receipt of tenders are shown here based on paper based documents. The Welland Procurement Unit can advise on timescales using electronic means, or in cases of unforeseeable emergency (see also Appendix D)

3.3 Tender Preparation

- 3.3.1. At least 5 suitably qualified suppliers must be invited to tender, unless there are fewer than 5 suitably qualified respondents in which case all such respondents shall be invited to tender.
- 3.3.2. The specification and evaluation criteria must take into account the Council's priorities regarding Equality and Sustainable Procurement.
- 3.3.3. The specification for the requirement must be adequate, fair and without bias to allow tenders to be sought.
- 3.3.4. There must be an assessment of the quality of both tenderers and tenders by pre determined non discriminatory evaluation criteria and weightings, including whole life cycle cost where appropriate.
- 3.3.5. The risks associated with the contract must be assessed.
- 3.3.6. A tender file must be maintained to record all matters associated with the tender.

- 3.3.7. The standard terms and conditions which apply must be stipulated. Where it is proposed that a form of contract be used, which does not adopt the Council's *approved standard terms* (including *industry standard terms*); the use of such form must be approved by the Welland Procurement Unit.
- 3.3.8. The tender must explain how information provided in the tender will be treated with regard to statutory requirements.
- 3.3.9. Non EU Threshold tenderers must be given adequate time to respond, consistent with the level of complexity of the requirement and, except where the industry norm is otherwise, this should be a minimum of 15 working days.
- 3.3.10. The Invitation to Tender must request that the tender is submitted in a plain envelope or package bearing a tender label giving only the tender title and opening date. The tender label must not identify the name of the tenderer.
- 3.3.11. Tenderers must be required to hold their tenders open for acceptance for a minimum of 90 days from the date of opening.
- 3.3.12. Tenders must include a statement that the Council does not bind itself to accept the lowest tender or any other tender.
- 3.3.13. Details of expected tenders must be notified to the Solicitor to the Council or their nominee at least 5 days prior to the tender opening.

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3.4 Receipt of Tenders

- 3.4.1. Every reply to an Invitation to Tender must be addressed to the Solicitor to the Council.
- 3.4.2. All tender documents are to be kept securely in the safe in the Post Room until after the closing date and time.
- 3.4.3. Non OJEU tenders submitted by e-mail will be held in a secure folder under the control of the Solicitor to the Council, which will not be opened until the deadline has passed for the receipt of tenders. Evidence that the transmission was successfully completed should be obtained and recorded. Full OJEU tenders may not be submitted by normal e-mail, and can only be received electronically through secure software designed and approved for the purpose
- 3.4.4 Tenders submitted by fax will not be considered.
- 3.4.5. Tender packets or envelopes received must be date stamped and locked away until the specified time for their opening.

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3.5 Tender Opening

3.5.1. At least two officers must be present during the opening of the tender and at least one such officer must not be from the Service responsible for the purchase.

3.5.2. The Solicitor to the Council must ensure that all Tenders are opened at the same time when the period for their submission has ended.

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3.5.3. A record of the tenders must be logged in the Corporate Tender Register held by Democratic Services.

3.5.4. The opened tenders must be date stamped and signed by the two officers at the time of opening on the page containing the overall contract value, alternatively on the pages containing the price information, where no overall value is quoted.

3.5.5. Tenders that are received after the closing date and time or tenders that are not submitted in accordance with these Rules are to be disqualified unless it is agreed otherwise by the Solicitor to the Council.

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3.5.6. After tender opening a copy of the Tender Register and opened tender should be sent to the Officer responsible for the procurement.

3.5.7. An original version of the tender must be retained for a period of six years.

3.6 Electronic auctions

3.6.1. Electronic auctions are online auctions where selected bidders submit offers electronically against the purchaser's specification. All communication following and including the invitation to pre-qualified bidders to submit new prices and/or values must be instantaneous (electronic).

An electronic auction requires the use of specialised software and tenderer support, and may then be used in these circumstances:

- (a) open or restricted procedures stating use of an auction
- (b) open, restricted or competitive dialogue procedures have been implemented but cannot be brought to a satisfactory conclusion and the negotiated route with a contract notice is adopted
- (c) mini competition within a framework if e-auctions were mentioned in the contract notice
- (d) competition for contracts to be awarded through a dynamic purchasing system if stated in the contract notice; and
- (e) expressions of interest invited in accordance with the selected procedure. Contract notice states that an electronic auction will be used.

Officers wishing to undertake an electronic auction should contact the Welland Procurement Unit before undertaking this work.

3.7 Dynamic purchasing systems

- 3.7.1. Dynamic purchasing systems are intended to address commonly used purchases. These systems are a type of electronic framework that allows bidders to apply to join at any time during their lifetime.
- 3.7.2. The open procedure must be used and the system must be advertised in the Official Journal through a contract notice providing the website at which the tender documents may be consulted.
- 3.7.3. Suppliers may at any time during the system's operation submit "indicative bids" for the product or service required and may be admitted to the system or not on the basis of the submission.
- 3.7.4. Bids must usually be assessed within 15 days.
- 3.7.5. When a specific requirement arises for the products covered by the system, the purchaser must conduct the following process:
- i. publish a further simplified notice advertising the requirement
 - ii. give 15 days for responses to be submitted
 - iii. interview final tenders from all admitted suppliers once the new suppliers responding to the simplified notice have also been evaluated; and
 - iv. the award must be based on the criteria stated in the contract notice, which may be refined for the specific bid (call off).

3.8 Errors in Tenders

- 3.8.1. The arithmetic in compliant tenders must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their tender. Alternatively, if the rates in the tender, rather than the overall price, were stated within the tender invitation as being dominant, an amended tender price may be requested to accord with the rates given by the tenderer.

3.9 Tender Evaluation

- 3.9.1. Tenders must be assessed in accordance with the pre-determined evaluation criteria and weightings.
- 3.9.2. Where the pre-determined weighting for price is less than 50%, the Officer must first consult with the ~~Head of Central Services~~ before finalising the weighting model.
- 3.9.3. The successful contractor should be the one offering the lowest price, where price is the only criterion; or the highest number of points, where the evaluation criteria include both quality and price.

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- 3.9.4. The results of the tender evaluation must be retained on the tender file.
- 3.9.5. A *financial health check* must be requested from an appropriate external body in consultation with Finance for all contracts where the criteria indicates that one is required. This may include call-offs from framework contracts (standing lists).
- 3.9.6. The Officer must ensure that appropriate budgetary provision exists before any contract is entered into.

3.10 Post Tender Clarification

- 3.10.1. Post-tender negotiations shall only take place where this does not have the effect of distorting competition
- 3.10.2. Negotiations shall be conducted by a team of at least two officers, at least one of whom shall be from Legal Services unless agreed otherwise in advance by Legal Services such as in instances where this is not industry practice.
- 3.10.3. Negotiations shall be conducted with all tenderers, unless there are clear reasons for excluding one or more tenderers.

Full, written records must be made and retained.

3.11 Award of Contracts

- 3.11.1. The tender may lead to an award decision; but there is no obligation for an award of contract to take place.
- 3.11.2. A contract may only be awarded by an Officer authorised to make such a commitment on behalf of the Council.
- 3.11.3. Contracts are to be authorised according to the *Total Value* of the Contract:
- 3.11.3.1 Up to £15,000: by an Officer so authorised
 - 3.11.3.2 Up to £250,000: by the relevant Head of Service
 - 3.11.3.3 Over £250,000: by the relevant Strategic Director
 - 3.11.3.4 Over £1,000,000: by the relevant Strategic Director in conjunction with the relevant Policy Chair. Committees may request that they are involved in the decision at any of these levels.
- 3.11.4 All contracts awarded, must be recorded on the *Contract Database* by the awarding Officer.
- 3.11.5 For OJEU contracts, Officers must allow a mandatory minimum standstill period of 10 calendar days between notification of award decision to all tenderers and entering a contractually binding agreement. It is most important therefore that the notification of award decision is neither a contract award nor a conditional award which may need to be discarded in the event of a challenge within the standstill period.

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3.12 Notification to Unsuccessful Tenderers

3.12.1 Following contract award, unsuccessful tenderers must be notified in writing in all cases.

3.12.2 In those instances where the standstill period and advance notification of award to all tenderers (as in 3.11.5) does not apply, then unsuccessful tenderers must be notified of the appeals procedure.

RULE 4 – CONTRACT AND OTHER FORMALITIES

4.1 Contract Documents

4.1.1. All Contracts must be in writing. Where the contract is of a non complex nature and is for values of up to £50,000, the use of a Purchase Order is an acceptable form of contract, which must make reference to the quotation and terms agreed, and attach a clear specification or description of the subject of the order.

4.1.2. Every Contract over £50,000 must be in writing and, as a minimum, state clearly, in a form approved by the Solicitor to the Council

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- (a) that the supplier may not assign or sub-contract without prior written consent
- (b) any insurance requirements
- (c) ombudsman requirements
- (d) requirements relating to legislative requirements
- (e) that charter standards are to be met if relevant
- (f) race relations, disability, anti-discrimination and equalities requirements
- (g) any sustainability requirements
- (h) a right of access to relevant documentation and records of the contractor for monitoring and audit purposes, if relevant
- (i) pricing mechanism and arrangements for payment
- (j) rights of termination

4.1.3. The formal advice of the Solicitor to the Council must be sought prior to award for the following contracts:

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- (a) where the total value exceeds £500,000.
- (b) those involving leasing arrangements.

- (c) those which are complex or involve a recognisable risk
 - (d) where it is an extension or variation to an existing contract that will bring the overall value over £500,000.
 - (e) where invoice payments are made to finance or factoring companies
- 4.1.4. Contract documents must be retained for a period of six years from the contract end date and, if under seal, for a period of twelve years.

4.2 Statistical Returns

4.2.1. Each year the Council is required to make a statistical return to Communities and Local Government for onward transmission to the European Commission concerning the contracts awarded during the year under the EU Directives.

4.2.2. The Solicitor to the Council shall be responsible for this statistical return and will make the necessary arrangements for information to be collected annually. Heads of Service shall comply with these arrangements and expeditiously provide any information required.

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4.3 Contract formalities

4.3.1. Agreements must be completed as follows:

TOTAL VALUE	METHOD OF COMPLETION	BY
Up to £15,000 (See paragraph 4.1.1)	Signature Use of Purchase Order, or Written Contract for complex requirements	Officer with appropriate authority to enter into a contract (paragraphs 3.11.3 and 4.3.5).
Over £15,000 and up to £50,000 (See paragraph 4.1.1)	Signature Use of Purchase Order, or Written Contract for complex requirements	Head of Service (paragraphs 3.11.3 and 4.3.5).
Over £50,000 and up to £250,000 (see paragraph 4.1.2)	Signature on Written Contract	Head of Service (paragraphs 3.11.3 and 4.3.5).
TOTAL VALUE	METHOD OF COMPLETION	BY
Over £250,000 and up to £1,000,000 (see paragraph 4.1.2)	Signature on Written Contract	<u>Strategic</u> Director (paragraphs 3.11.3, 4.1.3 and 4.3.5);
Over £1,000,000	Signature on Written Contract	<u>Strategic</u> Director, once the appropriate Policy Chair has been consulted (paragraphs 3.11.3, 4.1.3 and 4.3.5)
Contracts for sealing	Sealing	See paragraph 4.3.6.

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4.3.2. All contracts for the supply of goods and services must be concluded

before the supply begins, except in exceptional circumstances, and then only with the written consent of the Chief Executive or a Strategic Director.

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4.3.3. In exceptional circumstances and with the prior approval of Legal Services, a letter of intended acceptance can be issued to allow work to commence in advance of contract completion

4.3.4. In the case of Works Contracts a tender acceptance letter is acceptable to allow work to commence, although the issue of a formal contract must follow without delay.

4.3.5. Signature

(a) The Officer responsible for signing the contract must have been granted the appropriate authority and ensure that the person signing for the other contracting party has authority to bind it.

(b) In the case of contracts for commissioning of care services, where the total value of the contract is not known, the officer responsible must have been granted authority to enter into commissioning contracts

4.3.6. Sealing

A contract must be sealed where:

(a) the Council wishes to enforce the contract for more than six years after its end (e.g. for land or construction works); or

(b) the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services; or

(c) where there is any doubt about the authority of the person signing for the other contracting party; or

(d) where a *bond* is established on behalf of the contractor(s) or their guarantors; or

(e) where required by parties to the agreement.

Where contracts are completed by each side adding their common seal, the affixing must be attested by or on behalf of the Solicitor to the Council. The Solicitor to the Council is responsible for the process of sealing contracts.

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4.4 Bonds and Parent Company Guarantees

4.4.1. The officer responsible for the contract must consult the Head of Central Services and Solicitor to the Council about whether a *Parent Company Guarantee* or *Performance Bond* is necessary when a potential supplier is a subsidiary of a parent company and

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- (a) the award is based on an evaluation of the parent company, and the total value exceeds £250,000; or
- (b) there is concern about the stability of the subsidiary supplier.

4.4.2. The Council must never give a bond.

4.5 Prevention of Corruption

4.5.1 The officer responsible for the contract must comply with the Council Code of Conduct and must not invite or accept any gift or reward in respect of the award or performance of any contract.

4.5.2. All contracts must contain an appropriate clause that provides protection and the right to terminate the contract in the event of a supplier offering any inducement, committing fraud or committing an offence under the prevention of Corruption Acts.

4.6 Declaration of Interests

4.6.1. If it comes to the knowledge of a member or an officer of the Council that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the Council, he or she shall immediately give written notice to the Solicitor to the Council.

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RULE 5 – CONTRACT MANAGEMENT

5.1 Managing Contracts

5.1.1. All contracts over the value of £50,000 and those of a complex nature below this value must have a designated Contract Manager whose name should be notified to the Supplier.

5.1.2. The Contract Manager shall be responsible for ensuring that the contractor fulfils his contractual obligations and that payment is made for satisfactory completion of those obligations.

General Exceptions from Contract Procedure Rules

These Contract Rules apply to all Goods, Services and Works purchased by the Council, with the following exceptions:

- (a) Procurements of goods, services, or works where the procurement procedure to be followed by the Council is the subject of express legislation.
- (b) Low value purchases made by a *Purchasing Card* that are subject to guidelines issued on the use of Purchasing Cards.
- (c) Works or services procured in an emergency because of a need to respond to events that were beyond the control of the Council (e.g. natural disasters such as flooding or fires) as long as any expenditure in excess of £25,000 is first approved by the Chief Executive. Any contract entered into by the Council under this Exemption must not be for a term of more than 6 months.
- (d) Extension of an existing services or works contract with the same supplier provided that:
 - i) The circumstances for so doing were genuinely unforeseen;
 - ii) Such works or services are not practically separable from the original contract, or are necessary for its completion;
 - iii) The value of such an extension does not exceed 50% of the original contract value;
 - iv) The agreement of the Welland Procurement Unit is secured.
- (e) Contracts for the acquisition and disposal of land or property that are covered by separate policies and procedures.
- (f) Contracts resulting from a competitive recruitment process.
- (g) Works orders with utility infrastructure providers, eg. Gas Mains.
- (h) Call off or orders placed against framework agreements where the procedures defined in the contract for call off are followed.
- (i) Any contract which has had an exemption agreed in accordance with rule 1.3.
- (i) Grants properly approved through the appropriate Council procedures
- (j) The disposal of Council Assets that are covered by a separate regulation

Exemptions and Exceptions as defined under the EU Directive are not automatically exempted or excepted from these contract procedure rules.

Officers wishing to extend existing contracts may do so according to the extension provisions in that contract. Where no such provision is available, assistance should be sought from the ~~Solicitor to the Council~~ or Welland Procurement.

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EXEMPTION REQUEST FORM

Name of Officer seeking Exemption:

Service Area:

Contract Title:

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Description of Contract (attach supporting documentation if applicable)

Estimated Total Value of Contract:

Target Contract Start Date:

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Date	Justification for Exemption Request	Authorised by Head of Service or Director
		Signed: Name:

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This Form should be kept on file as evidence of compliance with Contract Procedure Rules.

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Legal Services (LS) ACTION

LS Authorised: Yes/No

Refer To Policy Committee: Yes/No

Reason for Rejection (If applicable):

Signature:

Print Name:

Date:

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Central Services ACTION

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HoCS Authorised: Yes/No

Refer To Policy Committee: Yes/No

Reason for Rejection (If applicable):

Signature:

Print Name:

Date:

CONTRACT PROCEDURE RULES SUMMARY

Value of Contract	Quotation/Tender Process	Who	Contract documentation	Approval
Goods and services up to £5,000, see 2.2	Obtain quotation prior to issue of Purchase Order	Service Area	Issue by Purchase Order or use of Purchasing Card	By authorised officer
Goods, services and works £5,000 - £50,000, see 2.3	Obtain at least 3 quotations	Service Area	Can use Purchase Order for non-complex requirements up to £50k. Written contract for requirements over £50k.	Up to £15,000 by authorised officer; over £15,000 by Head of Service
Goods, services and works that can be satisfied from an existing approved contract, see 2.4	Follow call off procedure within contract	Service Area	Follow call off procedure within contract	Up to £15,000 by authorised officer; over £15,000 by Head of Service; over £250,000 by Corporate Director
Goods, services and works between £50,000 and EU threshold, see 2.5	Obtain at least 5 tenders	Service Area	Written contract, complete as appropriate, see 4.3.	By Head of Service up to £250,000; over £250,000 by Corporate Director
Goods and services over EU threshold, see 2.6 For definition of EU threshold, see Glossary of defined Terms	Formal review of requirement prior to proceeding. All EU notices to be published centrally by Welland Procurement Unit. Details of all planned contracts with an anticipated value over the EU threshold will be reported to the <u>Head of Central Services</u> by the Head of Service.	Service Area to review with Legal Services/ Welland Procurement	Written contract, complete as appropriate, see 4.3.	By Head of Service up to £250,000; over £250,000 by Corporate Director. All contracts over £1,000,000 will require prior consultation with the appropriate Policy Chair
Works contracts anticipated to be over the EU works threshold in value, see 2.6	Formal review of requirement prior to proceeding. All EU notices (where applicable) to be published centrally by Welland Procurement Unit. Details of all planned contracts with an anticipated value of over the EU works threshold will be reported to the <u>Head of Central Services</u> by the Head of Service.	Service Area to review with Legal Services/ Welland Procurement	Written contract, complete as appropriate, see 4.3.	By Corporate Director. All contracts over £1,000,000 will require prior consultation with the appropriate Policy Chair

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EU Tender Timetable

Procedure	Article	Text	Days
Open	38(2)	Minimum time for receipt of tenders from date of contract notice	52
	38(4)	Reduced when PIN published (subject to restrictions) to generally – And no less than -	36 22
	38(5)	Electronic transmission reduces all the above by 7 days so that 52 days becomes – And 36/22 become -	45 29/22
	38(6)	Full electronic access to contract documents reduces 52 by 5 days so it becomes – The reduction of 7 days for electronic transmission can be added so that 47 days becomes -	47 40
Restricted	38(3)(a)	Minimum time for receipt of requests to participate from the date contract notice is sent	37
	38(5)	Electronic transmission reduces the 37 days by 7 days so 37 days becomes -	30
	38(3)(b)	Minimum time for receipt of tenders from date invitation is sent	40
	38(4)	Reduced when PIN published (subject to restrictions) to generally, - And not less than-	36 22
	38(6)	Full electronic access to contract documents reduces 40 days by 5 days so it becomes	35

OFFICER EMPLOYMENT PROCEDURE RULES

1. Recruitment and Appointment

(a) Declarations

- (i) The Council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing Councillor or officer of the Council; or of the partner of such persons.
- (ii) No candidate so related to a Councillor or an officer will be appointed without the authority of the relevant Chief Officer or an officer nominated by him/her.

(b) Seeking support for appointment

- (i) The Council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information.
- (ii) No Councillor will seek support for any person for any appointment with the Council.

2. Recruitment of Head of Paid Service and Chief Officers

2.1 Where the Council proposes to appoint a Chief Officer and it is not proposed that the appointment be made exclusively from among their existing officers, the Council will:

(a) draw up a statement specifying:

- (i) the duties of the officer concerned; and
- (ii) any qualifications or qualities to be sought in the person to be appointed;

(b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and

(c) make arrangements for a copy of the statement mentioned in paragraph (1) to be sent to any person on request.

3. Appointment of Head of Paid Service

3.1 The Full Council must approve the appointment of the Head of Paid Service following the recommendation of such an appointment by a committee or sub-committee of Council, before an offer of appointment is made to him/her.

4. Appointment of Chief Officers and Deputy Chief Officers

4.1 A committee or sub-committee of the Council will appoint Chief Officers and Deputy Chief Officers.

5. Other Appointments

- (a) **Officers below Deputy Chief Officer.** Appointment of officers below Deputy Chief Officer (other than assistants to political groups) is the responsibility of the Head of Paid Service or his/her nominee and may not be made by Councillors.
- (b) **Assistant to political groups.** Appointment of an assistant to a political group shall be made in accordance with the wishes of that political group.

6. Disciplinary Action

- (a) **Suspension.** The Head of Paid Service, Monitoring Officer and Chief Finance Officer may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay and last no longer than two months.
- (b) **Independent person.** No other disciplinary action may be taken in respect of any of those officers except in accordance with a recommendation in a report made by a designated independent person.
- (c) **Dismissal.** Councillors will not be involved in the dismissal of any officer below Deputy Chief Officer except where such involvement is necessary for any investigation or inquiry into alleged misconduct, though the Council's disciplinary, capability and related procedures, as adopted from time to time may allow a right of appeal to Members in respect of dismissals.

