

BASINGSTOKE & DEANE BOROUGH COUNCIL

FINANCIAL PROCEDURES

Dated December 2012

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A Definition of Heads of Service

For the purpose of these financial procedures, Heads of Service are defined as managers reporting directly to a member of the Strategic Leadership Team.

B Financial Management

1 Financial Management Standards

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

Responsibilities of the Chief Financial Officer

- 1.2 The Chief Financial Officer is responsible for:

- the proper administration of the Borough Council's financial affairs
- providing strategic financial planning and professional corporate advice
- setting and monitoring compliance with accounting and financial management procedures and standards
- maintaining an effective and adequate internal audit and all audit arrangements
- advising on the corporate financial position
- key financial controls necessary to secure sound financial management
- providing financial information and reporting on the overall budget position
- preparing and controlling forward financial plans, budget strategies, the revenue budget, the capital strategy and capital programme
- treasury management and banking arrangements procedures
- standards for all financial staff
- schemes of financial delegation
- financial and related IT systems
- procedures and controls for ordering services, supplies and works
- payment of accounts and collection of income
- control of payment of salaries and wages

- all forms of taxation
- approving all accounting procedures and financial records of the Council
- advising on corporate risk management
- having a formal input into all reports to Council, the Cabinet, committee meetings and/or SLT which have finance implications

Responsibilities of Heads of Service

- 1.3 To promote the financial management standards set by the Chief Financial Officer in their business units and to monitor adherence to the standards and practices within their own areas, liaising as necessary with the Chief Financial Officer.

Expenditure of approved budgets will require prior Cabinet or Portfolio Holder approval or be carried out in accordance with the relevant delegated power contained in the Constitution.

- 1.4 Heads of Service are responsible for:

- (a) ensuring that Portfolio Holders are informed of the financial implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer
- (b) operating financial processes within their business units. To do this they must ensure that adequate operational controls are in place
- (c) controlling expenditure and income, monitoring performance and taking the necessary action to remain within budgets
- (d) signing contracts on behalf of the Borough Council (as set out in Contract Standing Orders)
- (e) identifying opportunities to improve efficiency, effectiveness and economy.

- 1.5 It is the responsibility of Heads of Service to consult with the Chief Financial Officer and seek approval regarding any matters which are liable to affect the Borough Council's finances materially, before any commitments are incurred.

- 1.6 Budget holders are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not support 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. A summary of guidance on managing budgets is contained in the "Managers Guide to Finance".

- 1.7 Each Service Head shall inform the Chief Financial Officer when there appears to be a likelihood that expenditure may exceed the budget provision or estimate

income fails to be achieved. A joint report shall be submitted to the Leader and Cabinet if the Chief Financial Officer so decides.

- 1.8 Heads of Service shall ensure that the Chief Finance Officer has had the opportunity to have formal input into all reports to Council, the Cabinet, committee meetings and/or SLT which have finance implications.

2 Managing Expenditure

- 2.1 All staff have a duty to ensure that expenditure is in line with the approved budgets.

Responsibilities of the Chief Financial Officer

- 2.2 The Chief Financial Officer has authority to make special payments whether or not provision has been made in the approved estimates, in the following cases:
 - (a) payments specifically required by law
 - (b) payments under a Court Order
 - (c) payments under agreements entered into by and on behalf of the Council
 - (d) payments made on the advice of the Chief Executive in the settlement of any action, complaint, or claim against the Council
 - (e) payments made on the advice of the Chief Executive in settlement of any complaint investigated by him or any mal-administration identified by the Commissioner for Local Administration.

Virement – General

- 2.3 The use of virement is to enable the Cabinet, Portfolio Holders, Heads of Service and their staff to manage budgets with a degree of flexibility within the overall policy and budget framework determined by full Council and therefore optimises the use of resources.

Where formal approval of virement is required this will be obtained via the usual reporting and decision notice process.

Full Council is responsible for agreeing the procedures for virement of expenditure between budget headings set out in the Financial Regulations section of the Constitution.

Cabinet, Portfolio Holders and Head of Service are responsible for agreeing in year virements within delegated limits, in agreement with the Chief Financial Officer.

Virement limits apply to the total gross expenditure for each service area/holding account shown in the budget book or annual budgets for capital schemes – this is referred to as the 'budget item'.

No new capital schemes or transfers of funding between capital and revenue can be agreed under virement rules. These require full Council approval.

Revenue Budget Virement

- 2.4 Virements that affect centrally controlled budgets are subject to the approval of the Chief Financial Officer. Centrally controlled items are defined by the Chief Financial Officer. As from 1 April 2007 the definition of centrally controlled budgets for the purpose of budget virements is support services, capital charges, IT recharges, property maintenance recharges, insurances and transfer payments.

Virement limits will be cumulative and a record of virements will be maintained by the Chief Financial Officer and will be reported to SLT and the Performance Panel.

Service Heads are able to approve unlimited virements within a business unit/portfolio service total budget (excluding centrally controlled budgets).

The virement levels are as follows:

- (a) Full Council approval is required for virements with a cumulative total over £250,000 on any single budget item.
- (b) Cabinet approval is required for virements with a cumulative total of between £100,000 and £250,000 on any single budget item. Cabinet approval is also required for the cumulative virement of more than 25% of any budget item eg a virement of more than £5,000 to or from a budget of £20,000 requires Cabinet approval.
- (c) Portfolio Holder approval is required for virements with a cumulative total between £50,000 and £100,000 on any single budget item, provided that the cumulative virement is for less than 25% of the budget item.
- (d) Head of Service approval is required for virements up to a cumulative total of £50,000 on any single budget item, provided that the cumulative virement is for less than 25% of the budget item.

Management of Staff Budgets and the Establishment

- 2.5 Subject to funding being available within the business unit budget (i.e. staff related budgets) and confirmed with Finance, it is the responsibility of Service Heads to approve temporary changes of up to 1 year with longer term changes being agreed by SLT, as follows:

Any reduction in FTEs	HOS decision
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Appointment of staff to vacant posts	HOS decision
Additional temporary staff or agency staff (less than 12 month contracts) e.g. maternity cover	HOS decision
Short term (less than 12 months) increase in net hours worked	HOS decision
Sickness cover – less than 12 months	HOS decision
Restructurings with no increase in FTEs – subject to agreement with support director	HOS decision
Externally funded posts less than 12months	HOS decision

Increase in establishment for more than 12 months	SLT decision
Long term (greater than 12 months) increase in net hours worked	SLT decision
Sickness cover – greater than 12 months	SLT decision
Restructurings with net increase in FTEs	SLT decision
Externally funded posts for over 12 months	SLT decision

Treatment of Additional Revenue Income

- 2.6 Where additional revenue income is identified against an income budget during the year an offsetting increase in income and expenditure budgets can be actioned subject to the following approval levels and the agreement of the Chief Financial Officer:
- (a) Heads of Service approval is required for additional income and offsetting expenditure budgets up to £50,000 on any budget item.
 - (b) Portfolio Holder approval is required for additional income and offsetting expenditure budgets from £50,000 to £100,000 on any budget item.
 - (c) Cabinet approval is required for additional income and offsetting expenditure budgets from £100,000 to £250,000 on any budget items.

- (d) Full Council approval is required for additional income and offsetting expenditure budgets over £250,000 on any budget item.

Transfer of Revenue Budgets Between Years

- 2.7 The Borough Council must not plan or budget for a deficit. Balances must be sufficient to cover any potential overspending. In practice, service budgets may, however, be overspent or underspent at the year end.

Full Council approval is required for the carry forward of cumulative revenue budget underspends in excess of £500,000 in total (including underspends identified in year and at the year end).

Identified in Year:

100% of planned slippage which is identified during the budget process can be carried forward as part of the budget report subject to the overall budget position and agreement by Cabinet (up to a cumulative £500,000) or Council (over a cumulative £500,000).

Year End:

Revenue budget underspends below the cumulative £500,000 Council level can be carried forward, subject to approval by Cabinet as follows:-

- Carry forward requests to be considered by Cabinet (as advised by SLT), through monitoring reports, in light of overall position and corporate priorities and agreed via a Cabinet report at the year end.

Release of Reserve Budgets

- 2.8 Any release of funding from earmarked revenue reserves is subject to the same approval levels as set out above, provided that the use of the funds is in accordance with the purpose for which the reserve was established. If the funds are not to be used in accordance with the purpose for which the reserve was established, full Council approval is required.

Capital Scheme Budgets

- 2.9 Movement of capital budgets for existing schemes between years or schemes requires the approval of Head of Service (up to £50,000) the portfolio holder (£50,000 to £100,000), Cabinet (£100,000 to £250,000) or full Council (over £250,000), in agreement with the Chief Financial Officer.

Before a capital scheme can be progressed the Service Head should ensure that:

- (a) The scheme is included in the approved capital programme.
- (b) Member approval has been obtained in accordance with “The Capital Scheme Approval Process” guidance issued by the Chief Financial Officer.

- (c) If the scheme is not in the existing capital programme, the specific approval of full Council is required.

A budget holder who becomes aware that the final cost of a contract is likely to exceed the contract sum by 5% or £10,000 (whichever is the greater) shall report on the circumstances to the Portfolio Holder/the next appropriate Cabinet meeting following consultation with the Chief Financial Officer.

Capital scheme savings identified during the year will be 100% returned to the revenue reserve for capital purposes (capital priorities or asset and infrastructure as appropriate) and would be available to fund future capital schemes.

Treatment of Additional Capital Grants and Contributions

- 2.10 Any variation to the capital programme arising from the receipt of additional specific grants or contributions requires the same approval as revenue budgets (detailed above).

3 Accounting Policies

Responsibilities of the Chief Financial Officer

- 3.1 The Chief Financial Officer is responsible for determining accounting policies and financial systems and ensuring that they are applied consistently.
- 3.2 The Chief Financial Officer will ensure that:
 - (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 in accordance with best practice as defined in the Statement of Recommended Practice (SORP) and other accounting codes of practice.
- 3.3 The accounting policies are set out in the statement of accounts which is prepared at 31 March each year, and covers such items as:
 - (a) separate accounts for capital and revenue transactions
 - (b) the basis on which debtors and creditors at year end are included in the accounts (accruals)
 - (c) details on substantial provisions and reserves
 - (d) fixed assets
 - (e) depreciation
 - (f) capital charges (charges to revenue for fixed assets)

- (g) stocks and work in progress
- (h) deferred charges
- (i) investments
- (j) government grants
- (k) leasing
- (l) pensions
- (m) overhead apportionment.

Responsibilities of Head of Service

- 3.4 To adhere to the accounting policies and guidelines approved by the Chief Financial Officer.

4 Accounting Records and Returns

Responsibility of Chief Executive

- 4.1 To sign the Annual Governance Statement outlining the system of internal control operated within the Borough Council.

Responsibilities of the Chief Financial Officer

- 4.2 The Chief Financial Officer is responsible for determining the accounting procedures and records for the Borough Council.
- 4.3 Maintaining proper accounting records is one of the ways in which the Borough Council discharges its responsibility for stewardship of public resources. The Borough 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 proper arrangements have been made for securing economy, efficiency and effectiveness in the use of the Borough Council's resources.

- 4.4 To arrange for the compilation of all accounts and accounting records.
- 4.5 To comply with the principle of a segregation of duties, including:
 - (a) separating the duties of providing information about sums due to or from the Borough 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 shall not themselves be engaged in these transactions.

- 4.6 To make proper arrangements for the public inspection of the Borough Council's accounts in accordance with the Accounts and Audit Regulations 2011.
- 4.7 To ensure that all claims for funds, including grants, are made by the due date.
- 4.8 To prepare and publish the Statement of Accounts of the Borough Council for each financial year, in accordance with the statutory timetables and accounting codes of practice.
- 4.9 To sign the Statement of Responsibilities for the Statement of Accounts confirming that the accounts have been prepared in accordance with proper practices and present fairly the financial position of the Borough Council.
- 4.10 To administer the Borough Council's arrangements for under and overspendings to be carried forward to the following financial year.
- 4.11 To ensure that financial documents are retained in accordance with statutory requirements.

Responsibilities of Head of Service

- 4.12 To operate within the required accounting standards and timetables.
- 4.13 To consult and obtain the approval of the Chief Financial Officer before making any changes to accounting records and procedures.
- 4.14 To comply with the segregation of duties principles when allocating accounting duties.
- 4.15 To maintain adequate records to provide an auditable trail leading from the source of income/expenditure through to the accounting statements.
- 4.16 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Chief Financial Officer, including information on any potential contingent liabilities and related party transactions.

5 The Annual Statement of Accounts

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

Responsibilities of the Chief Financial Officer

- 5.2 The Chief Financial Officer is responsible for ensuring that the annual Statement of Accounts is prepared and certified in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC). Full Council is responsible for approving the annual Statement of Accounts.

- 5.3 To select suitable accounting policies and apply them consistently.
- 5.4 To make judgements and estimates that are reasonable and prudent.
- 5.5 To comply with accounting codes of practice including the Best Value Accounting Code of Practice.
- 5.6 To sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Borough Council at the accounting date and its income and expenditure for the year ended 31 March.
- 5.7 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of Head of Service

- 5.8 To comply with accounting guidance provided by the Chief Financial Officer and to supply the Chief Financial Officer with information when required.

C Financial Planning

1 Medium Term Planning and Forecasting

- 1.1 Medium term financial planning helps to ensure that there is a financial context against which the implications of future service plans can be judged.
- 1.2 Medium term forecasts covering a period of up to four years are a key element in medium term financial planning and will be required when considering the setting of prudential indicators. They ensure that the Borough Council is as well prepared as possible for the medium term financial implications of supporting current policies and commitments and of developing new policies within the context of the Council Plan.

Responsibilities of the Chief Financial Officer

- 1.3 To prepare and submit reports on budget forecasts for the Cabinet, including resource constraints and government grant implications. Reports should take account of medium term prospects, where appropriate.
- 1.4 To prepare and submit reports to the Cabinet on the aggregate spending plans of portfolios and business units and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 1.5 To determine the form in which medium term budget forecasts are prepared.
- 1.6 To advise on the medium term implications of spending decisions.
- 1.7 To encourage best use of resources and value for money by working with Head of Service 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 aspect of service planning.
- 1.8 To advise full Council on executive proposals in accordance with the responsibilities under the Local Government Act 1972 (Section 151) and the Local Government Act 2003.

Responsibilities of Head of Service

- 1.9 To integrate financial and budget plans into service planning, so that the budget plans can be supported by financial and non-financial performance measures.
- 1.10 To estimate the effect of maintaining current policies and commitments over a period of up to three years to enable medium term budget forecasts to be prepared.

2 Budgeting

The Budget Format

- 2.1 The Borough 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 priorities. The budget is the financial expression of the Borough Council's plans and policies.
- 2.2 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 Borough Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Borough Council to budget for a deficit.
- 2.3 The general format of the budget and budget guidelines will be approved by full Council and proposed by the Cabinet on the advice of the Chief Financial Officer. The draft budget should include details of the allocation of resources over services and projects, proposed taxation levels and contingency funds and use of reserves.
- 2.4 The format of the budget determines the level of detail at which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

Responsibility of the Chief Financial Officer

- 2.5 To advise the Cabinet on the budget proposals to be recommended to full Council.

Responsibilities of Head of Service

To comply with accounting guidance provided by the Chief Financial Officer.

Revenue Budget Preparation and Monitoring

- 2.6 The Chief Financial Officer is responsible for ensuring that a revenue budget is prepared each year for consideration by the Cabinet, before submission to full Council. Full Council may amend the budget or ask the Cabinet to reconsider it before approving it.
- 2.7 The Cabinet in consultation with the Chief Financial Officer is responsible for issuing guidance on the general content of the budget as soon as possible following approval by full Council.
- 2.8 Heads of Service are responsible for ensuring that budget estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with Cabinet guidance.
- 2.9 Budget managers ensure that once the budget has been approved by full Council, resources allocated are used for their intended purposes and that the

resources are properly accounted for. Budgetary control is a continuous process enabling the Borough 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.

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

Responsibilities of the Chief Financial Officer

- 2.12 To determine the detailed form of revenue estimate and the methods for their preparation.
- 2.13 To prepare and collate budgets, in consultation with Head of Service, which are consistent with any relevant cash limits, with the Borough Council's annual budget cycle and report them to the Cabinet.
- 2.14 To establish an appropriate framework of budgetary management and control which ensures that:
- (a) budget management is exercised within annual cash limits unless full Council agrees otherwise
 - (b) each budget holder has available timely information on receipts and payments for each budget that is sufficiently detailed to enable them 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 with financial regulations
 - (e) each detailed budget has a single named responsible officer, determined by the relevant Head of Service. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commit expenditure
 - (f) significant variances from approved budgets are regularly investigated and reported on to Strategic Leadership Team.
- 2.15 To administer the Borough Council's scheme of virement and report the position to Strategic Leadership Team and the Performance Panel from time to time.

- 2.16 To submit reports to the Strategic Leadership Team, Portfolio Holder, Cabinet and to full Council, in consultation with the relevant Heads of Service, where a Head of Service is unable to balance expenditure and resources within existing approved budgets under his or her control.
- 2.17 To prepare and submit to the Portfolio Holder reports on the service's projected expenditure and income compared with its budget, in consultation with the Head of Service.
- 2.18 To prepare and submit to Strategic Leadership Team and the Performance Panel reports on the overall projected expenditure and income compared with the budget.
- 2.19 To provide formal input to all reports with financial implications

Responsibilities of Head of Service

- 2.20 To accept accountability for their budgets and the level of service to be delivered and to understand their financial responsibilities.
- 2.21 To assist the preparation of estimates of income and expenditure, in consultation with the Chief Financial Officer and the Portfolio Holder, to be submitted to the Cabinet.
- 2.22 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.23 In consultation with the Chief Financial Officer and the Portfolio Holder and in accordance with the laid down guidance and timetable to prepare detailed draft revenue and capital budgets for consideration by the Cabinet.
- 2.24 To have regard to:
- (a) spending patterns and pressures revealed through the budget monitoring process
 - (b) legal requirements
 - (c) policy requirements as defined by full Council in the approved policy framework
 - (d) initiatives already under way when drawing up draft budget requirements.
- 2.25 To maintain budgetary control within their business units, in adherence to the principles in 3.15 and to ensure that all income and expenditure is properly recorded and accounted for.
- 2.26 To ensure that an accountable budget holder is identified for each item of income and expenditure under the control of the Head of Service (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.

- 2.27 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.28 Each Head of Service shall inform the Chief Financial Officer when there appears to be a likelihood that expenditure may exceed the budget provision or estimated income fail to be achieved. A joint report shall be submitted to the Leader and Cabinet if the Chief Financial Officer so decides.
- 2.29 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- 2.30 To obtain approval (following consultation with the Chief Finance Officer) by the Portfolio Holder, Cabinet or Council (as appropriate) for new proposals, of whatever amount, which:
- (a) create additional financial commitments in future years
 - (b) change existing policies, create new policies or end existing policies
 - (c) materially extend or reduce the Borough Council's services.
- 2.31 To ensure compliance with the scheme of virement.
- 2.32 To agree with the Chief Financial Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area.
- 2.33 To follow an approved certification process for all expenditure.
- 2.34 To ensure all income and expenditure is properly recorded and accounted for.

Capital Programmes

- 2.35 Capital expenditure involves acquiring, replacing or enhancing fixed assets with a long-term value to the Borough Council, such as land, buildings, and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 2.36 The programme of capital expenditure requires approval by full Council.

Responsibilities of the Chief Financial Officer

- 2.37 To prepare capital estimates jointly with Head of Service in accordance with the Capital Appraisal & Prioritisation process and report them to the Cabinet for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to full Council.
- 2.38 To prepare and submit monitoring reports to Council, the Cabinet, Portfolio Holders and appropriate member Panels on the projected income and

expenditure and resources compared with the approved estimates on a regular basis.

2.39 To issue guidance concerning capital schemes and controls for example on project appraisal techniques and on the reporting of cost variations. The definition of 'capital' will be determined by the Chief Financial Officer, having regard to Government regulations and accounting requirements.

Responsibilities of Head of Service

2.40 To comply with guidance concerning capital schemes and controls issued by the Chief Financial Officer including the Capital Appraisal & Prioritisation procedure.

2.41 Before capital proposals can be actioned, to ensure that:

- (a) the scheme is included in the capital programme approved by full Council. If the scheme was not previously in the capital programme, the approval of full Council is required.
- (b) Portfolio Holder approval has been obtained in accordance with the Chief Financial Officer's guidance on "The Capital Scheme Approval Process".
- (c) Standing Orders, financial regulations and financial procedures are followed.
- (d) a tender or quotation has been received, which does not exceed the amount included in the programme.
- (e) all statutory approvals have been received as required

2.42 To prepare regular reports reviewing the capital programme provisions for their services.

2.43 To ensure that information is provided to the Chief Financial Officer to enable maintenance of the contract register.

2.44 A budget holder who becomes aware that the final cost of a contract is likely to exceed the contract sum by 5% or £10,000 (whichever is the greater) shall report on the circumstances to the Portfolio Holder/the next appropriate Cabinet meeting following consultation with the Chief Financial Officer.

2.45 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Financial Officer and, if applicable, approval of the scheme through the capital programme.

2.46 Any variation to the capital programme arising from the receipt of a specific grant, contribution or sponsorship, is subject to the virement approval levels set out elsewhere.

3 Maintenance of Balances and Reserves

- 3.1 The Chief Financial Officer is responsible for advising the Cabinet and/or full Council on prudent levels of balances and reserves for the Borough Council.
- 3.2 Full 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 Borough Council to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves may also be maintained for specific purposes, such as the purchase or renewal of capital items.
- 3.3 Reserves should be maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC), Guidance on Local Authority Reserves and Balances LAAP 55 and agreed accounting policies. Release of earmarked reserves is subject to the same approval levels as set out in the virement rules.

Responsibilities of the Chief Financial Officer

- 3.4 To advise the Cabinet and/or full Council on prudent levels of reserves for the Borough Council.
- 3.5 To ensure that for each reserve established, the purpose, usage and basis of transactions is identified.

Responsibilities of Head of Service

- 3.6 To ensure that reserves are used only for the purposes for which they were intended.

D Risk Management and Control of Resources

1 Risk Management

- 1.1 It is essential to develop and maintain on an integrated basis, robust systems for identifying and evaluating all significant strategic and operational risks to the Borough Council. These systems should actively involve all staff associated with planning and delivering services.
- 1.2 The Chief Executive is responsible for producing the Council's risk management policy statement and for promoting it throughout the Borough Council. The Chief Financial Officer is responsible for advising the Cabinet on proper insurance cover where appropriate.
- 1.3 The Chief Executive is responsible for ensuring regular corporate assessments of risk. Heads of Service are responsible for reviewing risks annually and notifying the relevant Officers when any significant change in service provision occur during the year.
- 1.4 All organisations, whether they are in the private or public sectors, face risks to people, property and continuity of operations. Risk is the chance or possibility of loss, damage or 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 organisation 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 has in place already to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.5 It is the overall responsibility of the Cabinet to approve the Borough Council's risk management strategy, and to promote a culture of risk management awareness throughout the Borough Council.

Responsibilities of the Chief Executive

- 1.6 To prepare and promote the Borough Council's risk management policy statement.
- 1.7 To ensure regular corporate assessments of risk.

Responsibilities of the Chief Financial Officer

- 1.8 To advise the Cabinet on proper insurance cover where appropriate.
- 1.9 To advise the Cabinet of the budgeted level of insurance cover.

Responsibilities of Head of Service

- 1.10 To take responsibility for risk management in their business unit having regard to advice from the Chief Financial Officer and other specialist officers (eg crime prevention, fire prevention, health and safety, internal audit).
- 1.11 To ensure there are regular reviews of risk within their business units.
- 1.12 To notify the Chief Financial Officer immediately of any loss, liability or damage that may lead to a claim against the Borough Council or by the Borough Council, together with any information or explanation required by the Chief Executive.
- 1.13 To ensure that employees, or anyone covered by the Borough 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.
- 1.14 To consult the Chief Financial Officer on:
 - (a) all new risks and liabilities which may need insuring
 - (b) any alterations which may affect existing insurances
 - (c) all leases of property granted by or to the Borough Council which may involve a transfer of insurance cover
 - (d) the terms of any indemnity which the Borough Council is asked to give.

Responsibility of the Internal Audit Manager

- 1.15 The Internal Audit Manager is responsible for reviewing compliance with controls introduced by Heads of Service to manage risks and to carry out an audit on the risk management process.

2 Internal Control

- 2.1 Internal control refers to the systems of control to ensure that (a) the Borough Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources, and (b) the Borough Council's assets and interests are safeguarded.
- 2.2 The Borough Council has statutory obligations to meet and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.3 The Borough Council faces a wide range of financial, administrative, technological 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 control 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.

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

- (a) key controls should be reviewed on a regular basis and there should be an annual review to ensure that the framework of internal control is operating effectively in practice
- (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 which is properly resourced. It should operate in accordance with the CIPFA Code of Audit Practice and within any other statutory obligations and regulations.

Responsibilities of the Chief Financial Officer

- 2.6 To advise on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 2.7 To maintain an adequate and effective internal audit service.

Responsibilities of Head of Service

- 2.8 Heads of Service are responsible for establishing sound arrangements to achieve their financial performance targets. They must also arrange for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness.
- 2.9 To ensure 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.
- 2.10 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 objective and management of risks.

- 2.11 To ensure staff have a clear understanding of the consequences of a lack of control or non-compliance with controls.

Responsibilities of the Internal Audit Manager

- 2.12 Will provide an adequate assurance service on the effectiveness of the internal control environment.
- 2.13 Shall give advice on controls to be incorporated in new or revised systems before implementation.
- 2.14 Make recommendations that will improve the council's system of internal control.

3 Audit Requirements

Internal Audit

- 3.1 The Accounts and Audit Regulations 2011 require that:
- The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of the body's functions and which includes arrangements for the management of risk
 - The relevant body must conduct a review at least once a year of the effectiveness of its system of internal control
- 3.2 Internal Audit is an assurance function that provides an independent and objective opinion to the Council on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Responsibilities of the Chief Financial Officer

- 3.3 To ensure that internal auditors have the authority to:
- (a) Enter at all times any premises or land occupied by the Council and have access to all council property.
 - (b) Have access to all records, documents and correspondence relating to any activities of the Council held by Members or employees, if necessary, immediately on demand.
 - (c) Require and receive such information and explanations as are necessary concerning any matter under examination from Members or employees.
 - (d) Require any Council employee or agent, on demand, to produce cash, stores or any other Council property held under their control.

- (e) Remove and hold in safe custody any books, records, vouchers or other material where they may be required as evidence in an investigation of suspected fraud or irregularity.
- (f) Require an employee to surrender any keys or cards allowing access to Council premises or assets and to leave the Council's premises immediately.

3.4 To comment on the strategic and annual audit plan which has been prepared by the Internal Audit Manager to take account of the characteristics and relative risks of the activities involved.

3.5 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity and that the Internal Audit Manager has direct access to the Chief Executive, the Leader of the Council and the Cabinet.

Responsibilities of Head of Service

3.6 To ensure that internal auditors are given access to premises, personnel, documents and assets which the auditors consider necessary for the purposes of their work.

3.7 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.

3.8 To consider and respond promptly to recommendations in audit reports.

3.9 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.10 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the authority, the Head of Service concerned shall forthwith notify the Internal Audit Manager who shall take such steps as are considered necessary by way of investigation and report.

3.11 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation.

Responsibilities of the Internal Audit Manger

3.12 To prepare an Annual Report, for Audit Governance & Accounts Committee, that includes an opinion on the overall adequacy and effectiveness of the council's control environment.

3.13 Carry out an annual review on the effectiveness of the system of internal control.

3.14 Prepare an Annual Audit Plan for approval by Audit Governance & Accounts Committee

External Audit

- 3.15 The basic duties of the external auditor are governed by the Audit Commission Act 1998 and the Code of Audit Practice.
- 3.16 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 Council's corporate governance arrangements
 - (b) the Council's financial statements
 - (c) aspects of the Council's arrangements to manage its performance, including the preparation and publication of specified performance information.
- 3.17 The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'present fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.
- 3.18 The external auditor has rights of access to all documents and information necessary for audit purposes.

Responsibilities of the Chief Financial Officer

- 3.19 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.
- 3.20 To ensure there is effective liaison between external and internal audit.
- 3.21 To work with the external auditor and advise full Council, Cabinet and Head of Service on their responsibilities in relation to external audit.

Responsibilities of Head of Service

- 3.22 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.
- 3.23 To ensure that all records and systems are up to date and available for inspection. The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue who have statutory rights of access.

4 Preventing Fraud and Corruption

- 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 (for example suppliers, contactors, service providers) that it comes into contact with, will act towards the Council with integrity.

Responsibilities of the Chief Financial Officer

- 4.4 To develop and maintain procedures to prevent fraud and corruption.
- 4.5 To maintain adequate and effective internal control arrangements.

Responsibilities of Head of Service

- 4.6 To maintain a register of staff interests.
- 4.7 To ensure that all suspected financial irregularities are reported to the Internal Audit Manager.
- 4.8 To make staff aware of the policy for reporting concerns at work.
- 4.9 To ensure that all break-ins at Council premises are reported to the police.
- 4.10 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

5 Management of Assets

- 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 should be safeguarded and used efficiently in the delivery of services and that there should be arrangements for the security of both assets and information required for service operations (intellectual property).
- 5.2 A property asset register shall be maintained by the Property Manager with details of all land and property held by the Council.
- 5.3 The Head of Resources is responsible for reviewing the Council's land and property holdings in accordance with Council policies. The Council's Asset Management Plan sets out acquisition, retention and disposal guidelines. Linked to this, any disposals must follow the Council's Land Disposal Standing Orders and the Disposal Procedure for Land and Property which are contained within the Constitution.

- 5.4 A central inventory shall be maintained by the Chief Financial Officer of all items of moveable furniture, equipment, vehicles and plant where the value of an item exceeds £500 (the Chief Financial Officer to review this limit periodically). Furthermore, all assets used by the Environmental Care Team valued over £200, or considered 'desirable', shall also be recorded on the Asset Register.
- 5.5 Heads of Service shall arrange for the assets under their control to be checked against the inventory at the end of each financial year. Discrepancies shall be notified to the Head of Resources. Surplus materials shall be disposed of by public auction or competitive tender unless the relevant Head of Service consider that the estimated proceeds of sale are insufficient to justify these methods. In such cases, the Heads of Service shall dispose of surplus materials in an effective and fair manner. The Chief Financial Officer shall be consulted before disposals are made other than in accordance with the above procedure.
- 5.6 Intellectual property is a generic term that includes inventions and writings. 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.

Responsibilities of the Chief Financial Officer

- 5.7 To ensure that asset registers are maintained in accordance with good practice for fixed assets. The function of asset registers is to provide the Council with information about fixed assets so that they are:
- safeguarded
 - used efficiently and effectively
 - adequately maintained..
- 5.8 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).
- 5.9 To report to the Portfolio holder any significant write-off of stocks and stores.
- 5.10 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 Heads of Service

All Assets

- 5.11 To ensure the proper security of all buildings and other assets under their control.
- 5.12 To ensure that all moveable assets are included in the inventory maintained by the Head of Resources.

- 5.13 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.
- 5.14 To ensure that no Council asset is subject to personal use by an employee without proper authority.
- 5.15 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- 5.16 To consult the Chief Financial Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.17 To ensure that income received for disposal of an asset is properly banked and coded.

Land, Buildings and Other Assets

- 5.18 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Head of Resources, in consultation with the Chief Executive has been established as appropriate.

Moveable Assets

- 5.19 To ensure assets are identified, their location recorded and that they are appropriately marked.
- 5.20 To assist the Head of Resources to maintain inventories and record an adequate description of furniture, fittings and equipment, plant and machinery whose value exceeds a limit set by the Chief Financial Officer.
- 5.21 To carry out an annual check of all items on the inventory in order to verify location, review condition and take action in relation to surpluses or deficiencies. The Head of Resources must be notified of all discrepancies.

Stocks and Stores

- 5.22 To make arrangements for the care and custody of stocks and stores in the business unit. Records must be kept in a form agreed with the Chief Financial Officer.
- 5.23 Records of stocks and stores shall be kept in a form approved by the Chief Financial Officer, who shall be entitled to receive from a Head of Service on demand a certificate of the quantities and values held.
- 5.24 Stocks and stores should be kept at the minimum level consistent with operational requirements.

- 5.25 The relevant Head of Service shall arrange for periodic checking of stocks and stores against the records kept, at least annually, and shall inform the Chief Financial Officer of surpluses and deficiencies identified.

Cash

- 5.26 Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without the express authority of the Chief Financial Officer.
- 5.27 Keys to safes and similar receptacles holding cash shall be the personal responsibility of the named individuals to whom they are issued. The loss of such keys shall be reported to the Chief Financial Officer promptly. To ensure cash holdings on premises are kept to a minimum.

Information

- 5.28 To ensure that all employees are aware of their responsibilities under the Data Protection Act and Freedom of information Act.

6 Treasury Management, Investments and Trust Funds

Treasury Management

- 6.1 The Borough Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities which provides guidance on the proper practices to be employed for treasury management.
- 6.2 The main responsibilities are set out in Appendix 18 of the Constitution.

Additional Responsibilities of the Chief Financial Officer

- 6.3 To ensure that all investments of money are made in the name of the Borough Council or in the name of nominees approved by full Council.
- 6.4 To ensure that all securities which are the property of the Borough Council or its nominees and the title deeds of all property in the Borough Council's ownership are held in the custody of the appropriate person or organisation.
- 6.5 To effect all borrowings in the name of the Borough Council.
- 6.6 To act as the Borough Council's registrar of stocks, bonds, mortgages and to maintain records of all borrowing of money by the Borough Council.
- 6.7 To ensure that Treasury Management Practices (TMP's) are reviewed annually to ensure that they comply with the annual strategy and government guidance.
- 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 full Council, following consultation with the Chief Financial Officer.

- 6.9 To ensure that no investment or borrowing is carried out other than by the Chief Financial Officer unless approval has been obtained.

Donated Asset, Trust Funds and Funds Held for Third Parties

- 6.10 To arrange for all trust funds to be held, wherever possible, in the name of the Borough Council. All officers acting as trustees by virtue of their official position shall deposit securities etc relating to the trust with the Chief Financial Officer unless the deed otherwise provides.
- 6.11 To arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Financial Officer, and maintain written records of all transactions.
- 6.12 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Responsibilities of Head of Service

- 6.13 To be responsible for accounting for all money, property, and assets handled by them in the course of their employment in addition to any accountability to other bodies or persons.

7 Banking Arrangements

- 7.1 Cash is the asset of the Borough Council most at risk of misappropriation and therefore needs to be managed carefully and closely accounted for. Control over the management of bank accounts and income management rests with the Chief Financial Officer.

Responsibilities of the Chief Financial Officer

- 7.2 The Chief Financial Officer is authorised to operate any bank accounts considered necessary for the management of the Council's cash and investments and to make all arrangements with bankers for this purpose
- 7.3 The Mayor may have an external bank account but all banking arrangements must be approved by the Chief Financial Officer.
- 7.4 To give authority for the ordering of cheque and banking stationery and to make proper arrangements for their safe custody,
- 7.5 To ensure that all cheques drawn on the Borough Council's main banking account(s) bear an imaged signature of the chief Financial Officer or be signed personally by the Chief Financial Officer or by Officers authorised to do so. All alterations and amendments to cheques must similarly be signed.
- 7.6 To approve arrangements for the direct transfer of payments by electronic methods.

- 7.7 To approve the use where appropriate of Corporate Credit/Debit Cards for procurement, to set card limits, to approve each individual member of staff who will have access to this facility, and to set the operating rules which will apply to the use of cards.
- 7.8 To put in place procedures to safeguard the Borough Council against potential loss from fraudulent or negligent use of all payment procedures (specifically cheque payments, petty cash payments, electronic payments by the bank and the use of corporate debit/credit cards).
- 7.9 Where considered necessary, to provide employees of the Borough Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Borough Council and to prescribe rules for operating these accounts, including the setting and reviewing of a transaction limit to any such expenditure.
- 7.10 To determine the petty cash imprest limits and to maintain a record of all transactions and petty cash advances made, periodically reviewing the arrangements for the safe custody and control of these advances.
- 7.11 To reimburse imprest holders as often as necessary to restore the imprests.

Responsibilities of Head of Service

- 7.12 To follow the instructions on banking and money handling issued by the Chief Financial Officer.
- 7.13 The responsibilities of managers operating an imprest account are to:
- (a) obtain and retain vouchers to support each payment from the imprest account, to ensure that an official receipted VAT invoice is obtained where appropriate and ensure that the limits set by the Chief Financial Officer are not exceeded
 - (b) make adequate arrangements for the safe custody of the account
 - (c) produce upon demand by the Chief Financial Officer both the cash balance and all vouchers to the total value of the imprest amount
 - (d) record transactions promptly
 - (e) reconcile and balance the account at least monthly and signed and retain by the imprest statements
 - (f) provide the Chief Financial Officer with a certificate of the value of the account held at 31 March each year
 - (g) ensure that the float 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 float and change relating to purchases where an advance has been made

- (h) on leaving the Borough Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Chief Financial Officer for the amount advanced to him/her
- (i) receive guidance on the running of the imprest account and follow it accordingly.

8 Staffing

8.1 In order to provide the highest level of service, it is crucial that the Borough Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level. It is therefore important that the Borough Council has an appropriate human resources strategy and policies by which staffing requirements and budget allocations are matched.

Responsibilities of the Chief Executive

- 8.2 The Chief Executive is responsible for determining how officer support will be organised for the Cabinet and Executive members and for all other member roles within the Borough Council.
- 8.3 The Chief Executive is responsible for providing overall management of staff and for ensuring that there are systems for the proper evaluation of pay for all staff.

Responsibilities of the Chief Financial Officer

- 8.4 To ensure that budget provision exists for all existing and new employees.
- 8.5 To act as an advisor to Heads of Service on areas such as National Insurance and pension contributions as appropriate.

Responsibilities of Head of Service

- 8.6 To be responsible for controlling total staff budgets
 - advising the Portfolio Holders on the budget necessary in any given year to cover estimated staffing levels
 - adjusting the permanent staffing numbers within approved budget provision, , varying the provision necessary within that constraint in order to meet changing operational needs.
 - the proper use of appointment procedures, workforce plans and verified personnel information.
- 8.7 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).

- 8.8 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 8.9 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.
- 8.10 To ensure that the Chief Financial Officer is immediately informed if the staffing budget is likely to be materially over or under spent.
- 8.11 To ensure that all staff appointed are checked to ensure that they are appropriately qualified, experienced and trustworthy.
- 8.12 To ensure that the standing payroll information relating to all staff is verified at least annually.
- 8.13 To ensure that the information held on the Borough Council's corporate personnel system is accurate.

E Financial Systems and Procedures

1 General

- 1.1 Sound systems and procedures are essential to an effective framework of accountability and control.
- 1.2 The Council has many systems and procedures relating to the control of its assets, including purchasing, costing and management systems. The Council is reliant on IT for its financial management information. The information must be accurate and the systems and procedure sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 1.3 The Chief Financial Officer has a professional responsibility to ensure that the Council's financial systems and procedures are sound and should therefore approve any major developments in this area.

Responsibilities of the Chief Financial Officer

- 1.4 The Chief Financial Officer is responsible for the operation of the Council's systems and procedures for financial and business-related purposes, for accounting systems, the form of accounts and the supporting financial records. Any changes made by officers to the existing financial systems or the establishment of new systems must therefore be approved by the Chief Financial Officer and Internal Audit Manager. However, Head of Service are responsible for the proper operation of financial processes in their own business units.
- 1.5 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.
- 1.6 For administrative ease, delegate to the Chief Financial Officer the write off of individual debts up to £2000, notifying the appropriate Head of Service of the action taken.
- 1.7 To keep and regularly update a record of officers who are authorised to certify financial transactions.

Responsibilities of Head of Service

To agree with the Chief Financial Officer any changes to procedures to meet their own specific service needs.

- 1.8 To ensure that staff receive relevant financial training which has been approved by the Chief Financial Officer.
- 1.9 With the Chief Financial Officer to ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 1.10 To ensure there is a documented and tested business continuity plan to allow service delivery processing to resume quickly in the event of an interruption.
- 1.11 To ensure that systems and operating procedures are documented and staff trained in operations.
- 1.12 To maintain a scheme of delegation, identifying officers authorised to act upon the Heads of Service behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.13 To ensure that accounting records are properly maintained and held securely.
- 1.14 To ensure that vouchers, both electronic and paper, and documents with financial implications are not destroyed except in accordance with arrangements approved by the Chief Financial Officer.
- 1.15 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained. To incorporate appropriate controls to ensure that, where relevant:
 - (a) all input is genuine, complete, accurate, timely and has not been 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.
- 1.16 To consult with the Chief Financial Officer and Internal Audit Manager before changing any existing system or introducing new systems which have an impact on financial procedures.
- 1.17 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems - ensuring that, where possible, back-up information is securely retained in a fireproof location, preferably off-site, or in an alternative location within the building.
- 1.18 To ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation.
- 1.19 To ensure that relevant standards and guidelines for computer systems are observed
- 1.20 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

1.21 To comply with the copyright, designs and patents legislation and, in particular, 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

2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the 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.

2.2 Head of Service are responsible for ensuring that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Head of Service behalf in respect of payments, income collection and for placing orders. It must also identify the limits of their authority. As part of the overall control framework for accountability and control, the Chief Financial Officer is responsible for specifying the procedure to be followed for ordering, making payments, and for collecting income and for approving procedures for writing-off debts.

2.3 VAT is generally recoverable from HM Customs and Excise on write-off. The write-off limits referred to in the following paragraphs are NET of any VAT included in the debts.

Responsibilities of the Chief Financial Officer

2.4 To agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.

2.5 To ensure, wherever possible, that at least two employees are present when post is opened so that money received by post is properly identified and recorded, and that the money is banked as soon as possible.

2.6 To write off debts up to a figure of £2,000 for individual sundry debts and housing benefit debts, following the recommendation of the appropriate Head of Service and to recommend to the Portfolio Holder for Property and Finance the write off of bad debts in excess of £2,000.

- 2.7 To write off debts up to a figure of £10,000 per case for Local Taxation debts, and to recommend to the Portfolio Holder for Property and Finance the write off of bad debts in excess of £10,000.
- 2.8 To keep a central control of all sums written-off.
- 2.9 To ensure that appropriate accounting adjustments are made following write-off action.
- 2.10 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts which are not paid promptly

Responsibilities of Head of Service

- 2.11 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly in line with corporate policies.
- 2.12 To approve, in consultation with the Chief Financial Officer, debts to be written-off up to a value of £2,000 per debt. Debts may only be cancelled with the agreement of the Chief Financial Officer. 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).

With the agreement of the Chief Financial Officer, to recommend to the Portfolio Holder for Property and Finance the write off of bad debts in excess of £2,000.
- 2.13 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 2.14 To issue official receipts or maintain other documentation for income collection where appropriate.
- 2.15 To hold securely receipts, ticket and other records of income, for the appropriate period (audit year plus 1, except where there is a statutory responsibility to retain records for a longer period).
- 2.16 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 2.17 To keep only up to approved levels of cash on the premises.
- 2.18 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. However, official imprest cheques may be cashed using income held, but this must be clearly documented. Appropriate details should be recorded on paying in slips to provide an audit trail. Money collected and deposited must be reconciled to that financial system and if applicable bank account on a regular basis.
- 2.19 To ensure income is not used to cash personal cheques or other payments.

2.20 To supply the Chief Financial Officer with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Council to record correctly the sums due, and to ensure that invoices are sent out promptly. To do this managers should use performance management systems to monitor recovery of income and flag up areas of concern to the Chief Financial Officer.

Managers have a responsibility to assist the Chief Financial Officer 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.

2.21 The following controls should be followed regarding the signoff of invoices:

Invoice Value	Authority Required
Up to £75k	Officer
£75k to £500k	Manager
Over £500k	Head of Service

2.22 To keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.

2.23 To notify the Chief Financial Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable produced.

Ordering and Paying for Work, Goods and Services

2.24 Councils have a statutory duty to achieve best value, in part through economy and efficiency. The Borough Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Standing Orders and Procedure Notes and Procurement Strategy.

2.25 Public money should be spent with demonstrable probity and in accordance with the Borough Council's policies. Every officer and member of the Borough Council has, therefore, a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Borough Council in accordance with appropriate codes of conduct.

2.26 To meet the requirements of The Late Payment of Commercial Debts (Interest) Act 1998, the Borough Council's policy states that it is to make payments to suppliers within 30 days of invoice date unless other contractual conditions apply or if the payment to the supplier is in dispute.

Responsibilities of the Chief Financial Officer

2.27 To ensure that all payments for goods, supplies and services are made within the statutory 30 days (Late Payment of Commercial Debts (Interest) Act 1988)

unless any other terms or conditions have been agreed in writing. Any interest incurred under the provisions of the Act will be recharged to the cost centre of the original payment.

- 2.28 To ensure that all of the Borough Council's financial systems and procedures are sound and properly administered.
- 2.29 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 2.30 Payments shall be made against original invoices only. Where such original documentation is unavailable, that substituted shall be endorsed with the reason for its use and that the sums due have not been paid previously.
- 2.31 To encourage suppliers of goods and services to receive payment by the most economical means for the Borough Council.
- 2.32 To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the document retention schedule.
- 2.33 To approve the format of official orders, and associated terms and conditions.
- 2.34 To make payments from the Borough Council's funds when expenditure has been incurred and authorised in accordance with financial regulations.
- 2.35 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.
- 2.36 To make payments to contractors on the certificate of the appropriate manager, which must include detail of the value of the work, retention money, amounts previously certified and amounts now certified.
- 2.37 To provide advice and encouragement on making payments by the most economical means.
- 2.38 To ensure that a budgetary control system is established which 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 Head of Service

- 2.39 To ensure that only those staff properly authorised process orders.
- 2.40 To ensure that a list of staff approved to authorise invoices and raise orders (Certifying Officers list) is reviewed periodically.
- 2.41 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Financial Officer.
- 2.42 To ensure that two authorised members of staff are involved in the ordering, process.

- 2.43 With regard to contracts for consultancy, construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Financial Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status.
- 2.44 To ensure that employees are aware of the national code of conduct for local government employees (summarised in the staff handbook or local conditions if staff are not covered by the code of conduct).
- 2.45 To follow the Borough Council's Contract Standing Orders for tendering for all goods, services or works.
- 2.46 To ensure that official orders, in a form approved by the Chief Financial Officer, are issued for all work, goods or services to be supplied to the Borough Council except for supplies of utilities, periodic payments such as rent or rates, payments made on an authorised corporate credit card (self approval), petty cash purchases or other exceptions clearly specified which are held on an approved list within Exchequer Services approved by the Chief Financial Officer. Oral orders may be placed in cases of urgency but shall be confirmed by official orders on the next working day.
- 2.47 To ensure that all official orders indicate clearly the nature and quantity of the materials, work or services to be supplied and details of the agreed or estimated price, relevant discounts and delivery terms.
- 2.48 To ensure that orders are only used for goods and services provided for the Council. Individuals must not use official orders to obtain goods or services for their private use.
- 2.49 The authoriser of an order 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 if necessary. Best value principles should underpin the Borough Council's approach to procurement. Value for money should always be achieved. (For further information consult Contract Standing Orders and the Council's Procurement Strategy).
- 2.50 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. Where appropriate entries should then be made in inventories or stores records.
- 2.51 Before certifying an invoice, the service manager or budget holder must ensure:
- (a) The expenditure has been properly incurred and that there is a relevant estimate provision or authority to spend.
 - (b) The goods or services have been received, examined as to quantity and quality and approved.
 - (c) The prices, extensions, calculations, trade discounts and other allowances are correct.

- (d) The sums involved have not been paid previously.
- (e) In the case of periodic charges, any standing orders are correct and the consumption is reasonable.
- (f) Appropriate entries have been made in inventories or stock records as required.

2.52 To notify the Chief Financial Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Financial Officer.

2.53 To notify the Chief Financial Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

Payments to Employees and Members

2.54 Staff costs are a large 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 Borough Council and that payments accord with individual's 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 full Council.

Responsibilities of the Chief Financial Officer

2.55 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with prescribed procedures, on the due date.

2.56 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

2.57 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

2.58 To make arrangements for paying members' travel or other allowances upon receiving the prescribed form duly completed and authorised. No claims are authorised by anyone other than the claimant.

2.59 To provide advice and encouragement to secure payment of salaries and wages by most economical means. All staff are paid via BACS.

2.60 To ensure that there are adequate arrangements for administering superannuation matters on a day to day basis.

2.61 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Head of Service

- 2.62 To ensure appointments are made in accordance with the regulations of the Borough Council and approved establishments, grades, scale of pay and that adequate budget provision is available.
- 2.63 To ensure that adequate and effective systems and procedures are operated, so that:
- (a) payments are only authorised to properly appointed 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
 - (e) payments to suspended staff are regularly reviewed
 - (f) overpayments to staff are recovered.
- 2.64 To notify the Chief Financial Officer 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 Chief Financial Officer.
- 2.65 To ensure that payroll transactions are processed only through the payroll system. Service Managers should give careful consideration to the employment status of individuals employed on a 'self employed consultant or sub contract' basis. The Inland Revenue applies a tight definition for employee status and in cases of doubt, advice should be sought from the Chief Financial Officer.
- 2.66 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 Borough Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications.
- 2.67 Before certifying pay documents, the certifying officer should be satisfied that:
- (a) the time claimed is correct.
 - (b) the duties described have been performed.
 - (c) payment is in accordance with the employee's contract of employment.
- 2.68 To ensure that the details of any employee benefits in kind are notified to the Chief Financial Officer to enable full and complete reporting within the income tax system.

3 Taxation

- 3.1 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.

Responsibilities of the Chief Financial Officer

- 3.2 To advise chief officers on all taxation issues that affect the Council, in the light of guidance issued by appropriate bodies and relevant legislation.
- 3.3 To maintain the Council's tax records, making all tax payments, receiving tax credits and submitted tax returns by their due date. Responsibilities include:
- completing all Inland Revenue returns regarding PAYE
 - completing a monthly return of VAT inputs and outputs to HM Customs and Excise
 - supplying details to the Inland Revenue regarding the Construction Industry Scheme

Responsibilities of Head of Service

- 3.4 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.
- 3.5 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Scheme requirements.
- 3.6 To ensure that all persons working for the Council are added to the payroll and tax deducted from any payments, except where the individuals are self-employed (i.e. satisfying the requirements of the Council's Tax Inspector for self employed status) or are employed by a recognised staff agency.
- 3.7 To discuss with the Chief Financial Officer the VAT, insurance and taxation implications of any new business venture or capital scheme.

F External Arrangements

1 Partnerships

- 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. The Borough Council works in partnership with others – public agencies, private companies, community groups and voluntary organisations. The Borough Council will continue to provide direct services, but also has a leadership role to bring together the contributions of other partners.
- 1.2 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.
- 1.3 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 gives it a right or obligation to support the project.
- 1.4 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.
- 1.5 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 which might arise
 - (d) to encourage joint working between themselves, 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.
- 1.6 The Cabinet and Executive members are responsible for approving partnership arrangements with other local public, private, voluntary and community sector organisations to address local needs.
- 1.7 The Cabinet and Executive members can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Borough Council's Constitution. When functions are delegated, the Cabinet and Executive members remain accountable for them to full Council.
- 1.8 The Chief Executive is responsible for ensuring due diligence and legality for all partnership arrangements.
- 1.9 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to partnerships that apply throughout the Borough Council.

Responsibilities of the Chief Financial Officer

- 1.10 The Chief Financial Officer must ensure that accounting arrangements adopted relating to partnerships and joint ventures are satisfactory and that the overall corporate governance arrangements are satisfactory when contracts are arranged with external bodies. The Chief Financial Officer must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 1.11 To advise on effective controls which will ensure that resources are not wasted.
- 1.12 To advise on the key elements of funding a partnership arrangement. They include:
 - (a) a scheme appraisal for financial viability both in 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.
- 1.13 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Head of Service

- 1.14 Heads of Service are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.
- 1.15 To maintain a register of all arrangements entered into with external bodies in accordance with procedures specified by the Chief Financial Officer.

- 1.16 To ensure that before entering into agreements with external bodies, a risk management appraisal has been prepared for the Chief Financial Officer.
- 1.17 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Borough Council.
- 1.18 To ensure that all agreements and arrangements are properly documented.
- 1.19 To provide appropriate information to the Chief Financial Officer to enable a note to be entered into the Borough Council's statement of accounts concerning material items.
- 1.20 Before entering into an agreement, to consult the Head of Legal Services on its legality.

2 External Funding

- 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 Borough Council. The Council continues to work closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the Borough 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 Borough Council's overall plan.

Responsibilities of the Chief Financial Officer

- 2.2 To ensure that all funding notified by external bodies is received and properly recorded in the Borough Council's accounts.
- 2.3 To ensure that the match funding requirements are considered prior to entering into the agreements and future revenue budgets reflect these requirements.
- 2.4 To ensure that audit requirements are met.

Responsibilities of Head of Service

- 2.5 To ensure that all claims for funds are made by the due date.
- 2.6 To ensure that the project progresses in accordance with the agreed project and all expenditure is properly incurred and recorded.

3 Work for Third Parties

Responsibilities of Head of Service

- 3.1 To ensure that legal powers exist to carry out such work.
- 3.2 To ensure that proposals are costed properly in accordance with guidance provided by the Chief Financial Officer.
- 3.3 To ensure that contracts are drawn up using guidance provided by the Chief Financial Officer and Head of Legal Services and that the formal approvals process is adhered to.
- 3.4 To ensure that the approval of the Chief Financial Officer and the Head of Legal Services is obtained before any negotiations are concluded to work for third parties.
- 3.5 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Chief Financial Officer.
- 3.6 To ensure that appropriate insurance arrangements are made.
- 3.7 To ensure that the Borough Council is not put at risk from any bad debts.
- 3.8 To ensure that no contract is subsidised by the Borough Council.
- 3.9 To ensure that, wherever possible payment is received in advance of the delivery of the service.
- 3.10 To ensure that the business unit has the appropriate expertise to undertake the contract.
- 3.11 To ensure that such contracts do not impact adversely upon the services provided by the Borough Council.
- 3.12 To ensure that all contracts are properly documented.
- 3.13 To provide appropriate information to the Chief Financial Officer to enable a note to be entered into the statement of accounts.

G Invest to Grow Schemes

1.1 The budget strategy report approved by Cabinet on 31 October 2006 established an “invest to grow” financial policy for the Council and subsequent budget reports have earmarked the capital and revenue reserve funding necessary to support the policy. The key features of the agreed policy are as follows;

- Applies only to capital expenditure within the budget allocation agreed by council.
- Only used for property schemes that meet the following criteria;
 - - *Protecting investment property income* - To provide upfront capital resources to enable property improvements that generate an enhanced revenue return over cash investment (but are not used to repay the original capital sum) or
 - - *Deliver community benefit and enhanced returns* - To provide capital resources for property investment (purchase/financing of new builds/ doctor surgeries etc) that deliver a community benefit and generate an enhanced return over cash investment (but are not used to repay the original capital sum).
- Establish a revenue reserve of up to £1m to fund the loss of interest incurred between spend and receipt of the return as part of the budget strategy report (from any projected one off surplus over the medium term and from the review of the insurance reserve). Based on providing 2 years cover for lost interest on £10m.
- Set a minimum revenue return from any “Invest to Grow” scheme equal to the estimated long term cash investment rate.
- Set a maximum implementation period from making the expenditure to receiving the income return.
- Consider utilising new unplanned capital receipts as a source of future “Invest to Grow” funds.
- Section 151 officer responsible for the administration of the scheme

2 Invest to Grow Methodology

2.1 It is proposed that all schemes for consideration under the “invest to grow” policy must follow a two stage process.

2.3 Stage 1 Initial options appraisal

- Initial scheme idea must be discussed with the Property Services Manager to determine that it falls within the policy.
- A high level option appraisal should be undertaken covering, justification and links to Council priorities, options, achievability, risks and financial summary.
- SLT will review and assess the first stage option appraisal to determine if the scheme should proceed to stage 2.

2.4 Stage 2 Detailed Business Case

2.4.1 All proposals referred to stage 2 must be supported by a business case. The key elements that must be covered in the business case are as follows;

2.4.2 Business need

- Short summary of what the scheme is and why it is needed now
- Clear demonstration that the scheme falls within the invest to grow scope (protecting investment property income or delivering community benefit and enhanced returns)
- Clear demonstration that the scheme is in line with the Asset management plan objectives.

2.4.3 Objectives

- Description of how the scheme will contribute to the council plan objectives
- Outline the main benefits to be produced by the scheme
- Define the key success factors and how success will be measured
- Outline main stakeholder groups and their contribution to the scheme

2.4.4 *Option Appraisal*

- Outline the options considered, the general approach taken (refer to Council's option appraisal guidance) and identify the preferred option.
- Include financial and non financial benefits
- Outline the risk assessment and mitigation (link to corporate risk policy)
- Provide a sensitivity analysis showing the effect of changes in critical factors.

2.4.5 *Achievability*

- Provide a high level plan for achieving the desired outcome with key milestones.
- Should demonstrate that the scheme will be implemented within 2 years.
- Provide outline contingency plans .

2.4.6 *Financial Summary*

- Provide financial analysis that demonstrates the preferred option exceeds the invest to grow "hurdle rate" *
- Provide details of expected costs and income, when they will occur, how they will be monitored and who will pay them. (ensure whole life costs of the project are considered)

3 Key Assessment Criteria

3.1 The assessment will involve consideration of the business case areas using the following criteria;

3.1.1 Non Financial Areas;

- Does the proposal demonstrate that it falls within the invest to grow criteria?
- Is the proposal in line with the asset management plan objectives?
- How well does the proposal meet Council Plan/Community Strategy objectives?
- Are stakeholders supportive?
- Have a range of options been considered?
- Have innovative approaches been considered?

- Have alternative delivery organisations been considered?
- Can the project be achieved with the council's current capability and capacity?
- Can the risks be managed?
- Does the scope or timescale need to change?

* The hurdle rate is determined by the Head of Resources for each specific scheme in light of the risks and benefits. Generally the hurdle rate will be defined as at least 0.5% above the long term investment rate.

3.1.2 Financial Assessment

- The preferred option must demonstrate a financial return in excess of the minimum hurdle rate (0.5% above the long term investment rate). A greater rate of return may be required depending on the risk assessment.
- A reasonable assessment of whole life costs of the scheme should be used in the evaluation but avoid spurious accuracy.
- The return will be calculated on a net present value basis using the hurdle rate as the discount factor and a period that is the lower of the useful life of the scheme or 25 years.
- How sensitive are the key assumptions?
- Consider other funding sources

4 Scheme sign off and approval

4.1 The proposed process for assessing and gaining formal approval for an invest to grow scheme is as follows;

- The property related assumptions in the business case must be signed off by the Property Services Manager.
- The financial summary in the business case must be signed off by the Head of Resources before the business case is submitted.
- SLT will assess the business case and make a recommendation to the Leader / Deputy Leader.
- If the capital programme contains a scheme budget (or a general "invest to grow " budget) then a formal Cabinet report would be prepared.
- If there is no funding in the approved capital programme then a Council decision would be required.

5 Post Project Review and ongoing monitoring

- 5.1 A post project review should be completed in accordance with the Council's policy.
- 5.2 The Property Services Manager will monitor the ongoing benefit/returns from the completed schemes.